

Healthcare Technology

why technological changes demand consolidation



Agenda

- I. MergerTech Overview
- II. Industry Analysis
- III. Venture Capital & Fundraising Environment
- IV. M&A Landscape Observations
- V. Ideal Target Segments

Appendix

- A. Industry Landscape
- B. Life Sciences/Healthcare M&A Historicals
- C. Public Comparables
- D. Precedent Transactions

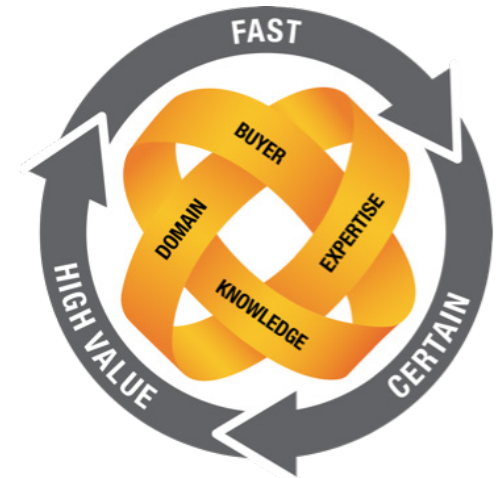
Section I

MergerTech Overview



Our Competitive Edge

- MergerTech's team combines both technology industry veterans and seasoned investment banking professionals each with over 10+ years experience
- We have founded, grown and sold technology companies ourselves, so we speak your language and recognize your company's best selling points
- MergerTech leaders have expertise in all aspects of technology investment banking, including mergers and acquisitions, capital raises for growth or recapitalization, and a spectrum of advisory services
- As a result, we understand how to best prepare and present your company for the best possible outcome – allowing you to move quickly past marketing and get down to negotiating a sale with multiple buyers



Selected Client Testimonials

“The team at MergerTech proved to be invaluable as they shepherded us through a complex and demanding process. They worked tirelessly on our behalf and never knew the word ‘quit.’ Special thanks to MergerTech for their focus and dedication in ensuring an ideal strategic outcome for WellnessFX.”

Jim Kean, Co-founder & CEO, WellnessFX

"We closed the transaction less than five months from initiating the Mergers and Acquisitions M&A Advisory Process conversation and without MergerTech the transaction would not have closed with the same outcome for shareholders.

MergerTech delivered on their promise as a valued and trusted Mergers Acquisitions M&A Advisor, and helped us to successfully sell our technology company firm."

Tom Kingsley, Co-founder & CEO, CrowdCompass

“MergerTech’s ability to understand and articulate our vision and space allowed them to shepherd us through a complex global process. I cannot overstate how much I appreciated their invaluable strategic advice, dedication, and complete concern for all parties during the process. A sincere thank you to my friends at MergerTech.”

Josh, Co-founder & CEO, Simple

Our Process



Preliminary Process

We will help you first evaluate your M&A objectives, establish a valuation range, and identify the best possible strategic and financial buyers for your business

Materials Development

MergerTech will assist you with preparation of professionally designed company collateral and management materials to present your business in the best possible light to identified buyers

Marketing

We will then commence marketing of your business and begin strategic conversations to determine interest. At every step we will guide you through management meetings, requests for information, and preliminary diligence

Negotiation

After marketing is complete, MergerTech will gather and help you evaluate LOIs in order to negotiate the best possible terms for you and your company

Diligence & Closing

Once an agreement is reached, we will help you manage a due diligence process with the buyer, negotiate purchase agreement, and execute a closing

Our process helps sellers swiftly get through an M&A process with the fastest possible time to close, allowing our clients to focus on running their business.

Selected MergerTech Transaction Experience



Acquired by
CANCOM

March 2014



IT Systems Integration



Acquired by
BBVA

March 2014



Financial Technology

WellnessFX
Acquired by
Health Elements™
in partnership with
Throne Research

December 2013



Healthcare Technology



has been sold a stake to
WPP

August 2013



Mobile Application
Development



June 2013



Platform-as-a-Service



Acquired by
TEK
systems.

October 2012



Business Intelligence Services



Acquired by
KPMG

April 2012



Big Data



Acquired by
Dexcom

March 2012



Healthcare Technology

Section II

Industry Analysis



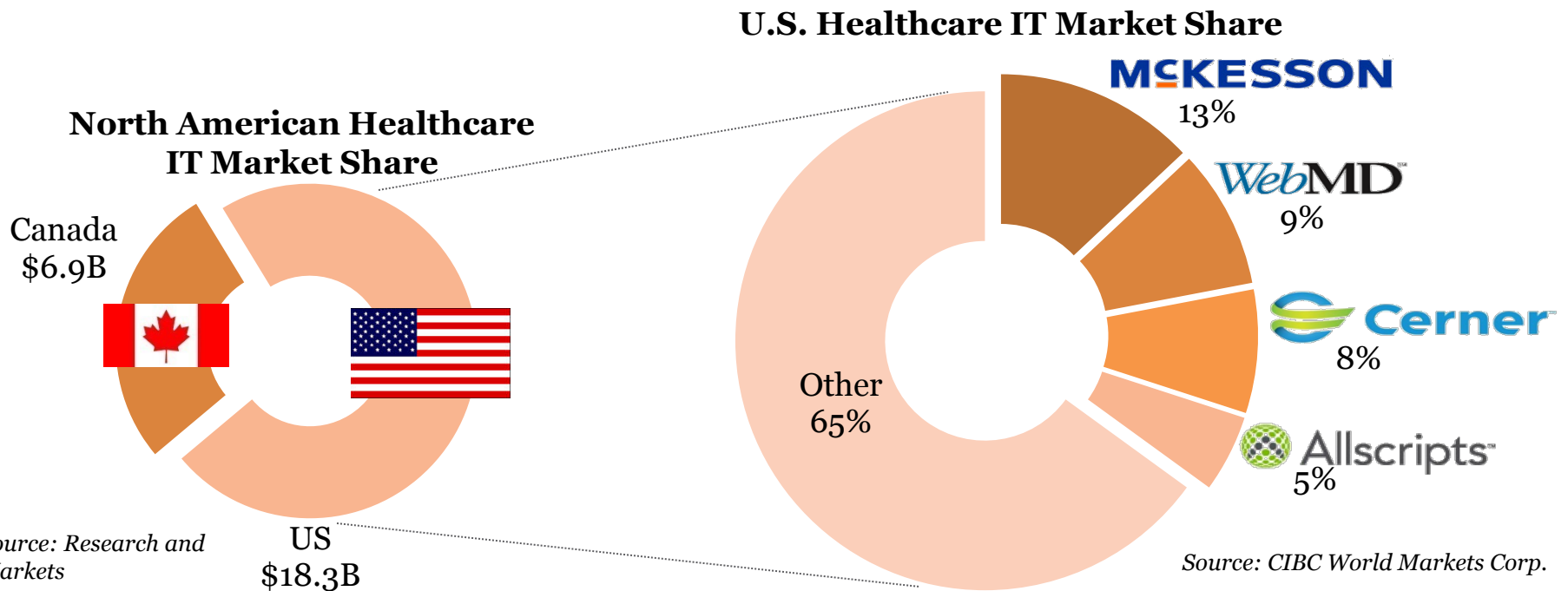
“Major factors driving the growth [of the healthcare industry] are demand to integrate systems, high rate of return on investment, financial support from the US government, government incentives, the rise in aging population, growing demand for Computerized Physician Order Entry (CPOE) adoption in order to reduce medication errors, and the rise in incidences of chronic disorders.”

-Research and Market's North American Healthcare IT Market Report, 2013-2017

Market Segmentation & Analysis

Which healthcare tech segment is most attractive for M&A?

- While the overall healthcare industry is expected to see increased growth in value, healthcare technology in particular will experience growth at a much higher rate attributed to incentives and a need to increase efficiencies, accuracy, and patient connectivity
- Healthcare IT:
 - Common sectors include EHR (electronic health record), HIE (health information exchange), RCM (revenue cycle management), Data Protection, Big Data Analytics, & Mobile
- The Support Services industry is expected to grow to \$31.3B in 2017 from \$21.9B in 2012 at a CAGR of 7.4%. The technology that this segment in particular offers will prove to be the catalyst of growth



Section III

Venture Capital & Fundraising Environment

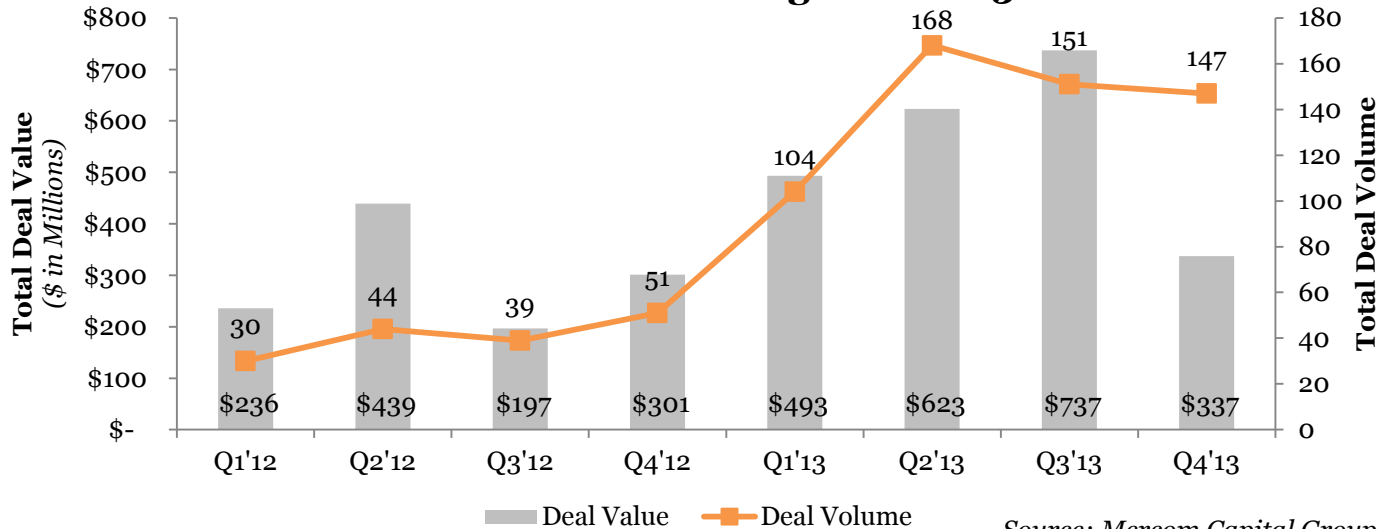


VC Funding As a Harbinger of Growth

Venture-backed funding plateauing

- Despite the fact that venture-backed funding for healthcare IT companies doubled between 2012 and 2013 from \$1.1B to \$2.2B, the second-half of 2013 indicated not only a plateau of total funding, but also a sharp decrease in average deal value
 - Funding of healthcare-focused companies is likely at its peak given fast-approaching deadlines within the next 2 years
- Moderation of VC funding points to greater maturity within this sub-sector
- A drastic shift from practice-focused to consumer-focused technologies demonstrates that Payer, Provider, and Pharmacy Support Services have reached a mature market level and will receive limited future funding

Healthcare IT Funding 2012-2013



Source: Mercom Capital Group

“The trend we began to see last year of VCs investing in consumer-focused companies like mobile health, telehealth, personal health, social health, and scheduling, rating & shopping has become much more pronounced...The enormous market opportunity in consumer-focused health has appeared to pique the interest of investors and is likely to continue to grow as witnessed by the surge in VC activity.”

-Raj Prabhu, CEO of Mercom Capital Group

Section IV

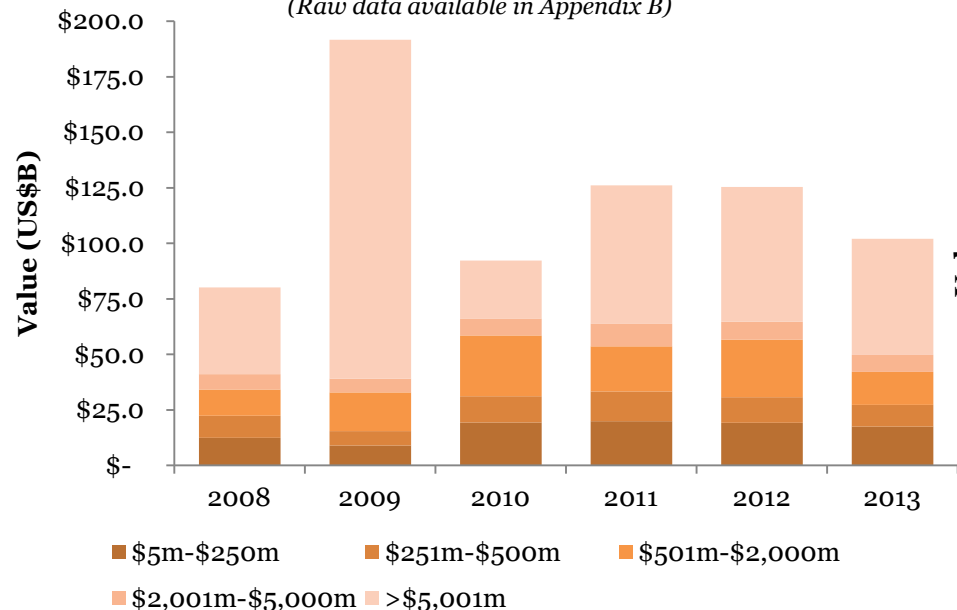
M&A Landscape Observations



Life Sciences & Healthcare M&A Space

M&A Split by Deal Value

(Raw data available in Appendix B)



M&A Split by Deal Volume

(Raw data available in Appendix B)



- ✿ Pharmaceutical companies with new drug developments are a major target for existing pharma companies facing patent expiration
 - The promise of long-term revenue and a reduction in R&D needs drive higher valuations in the upper range of the above table
- ✿ Deal value over the bottom four value segments has remained stable since 2010, indicating continuing interest

Year	HCIT Deals	Total Deals	%
2010	85	419	20.3%
2011	104	481	21.6%
2012	163	478	34.1%
2013	165	408	40.4%

- ✿ Since 2010 HCIT deals have comprised a larger percentage of total deals, indicating continuing and—more significantly—growing interest

Source: Mercom Capital Group, MergerMarket, and Merrill Datasite

Key M&A Drivers: Affordable Care Act (ACA)

How new patients necessitates consolidation

- ⌘ After the ACA was enacted in 2012, healthcare providers began searching for ways to consolidate their practices from a physician and point-of-care standpoint
 - 73% of healthcare executives cited the ACA as the #1 trend behind M&A growth
- ⌘ Technological consolidation is also necessary for three primary reasons:
 - Healthcare providers currently **aim to provide the greatest value proposition over a longer continuum of care to their patients**
 - 22% and 17% of healthcare executives point to product service growth and geographic growth, respectively, as means of achieving such a goal
 - The ACA also stipulates that hospitals and providers will receive incentives for “quality of care” measured by a combination of clinical outcomes and patient satisfaction surveys
 - An increase in the number of patients nationwide means providers must increase efficiency, accuracy, and organization to meet “quality of care” standards

Example: Dignity Health, strong pipeline of deals in place for 2014

- Acquired US HealthWorks, an independent operator of occupational medicine and urgent care, in 2012; expanded USHW network to 20 states and increased revenue by 7% in 2013
- Formed a revenue cycle management (RCM) arm with Optum, part of UnitedHealth Group
 - Initiative will combine Dignity’s RCM infrastructure with Optum’s technology, analytics, and client base

Key M&A Drivers: New Technology Standards

ICD-10 & Stage 2 Meaningful Use prompt tech upgrades

- ❁ ICD-10: WHO classification system for coding diseases, signs & symptoms, abnormal findings, complaints, social circumstances, and external causes of injury or diseases
 - Current deadline for US implementation (to receive incentives): October 1, 2015 (delayed from 2014)
 - Complexity of the new system calls for new software to accommodate implementation, integration, and testing
- ❁ EHR Stage 2 Meaningful Use: both a qualitative and quantitative measure of the “meaningful use” of EHR systems by healthcare providers
 - Some instances of “meaningful use” include, but are not limited to:
 - Use of a certified EHR in a meaningful manner, such as e-prescribing
 - Use of a certified EHR technology for electronic exchange of health information to improve quality
 - Use of a certified EHR technology to submit clinical quality and other measures
 - Companies who offer specialized EHR systems, implementation solutions, or consultation services could be attractive targets for larger EHR firms, HCIT companies, or HC providers



Key M&A Drivers: Financial Incentives

Government to offer financial incentives for HC technology use

- ❁ Financial incentives will be offered to healthcare providers and practices who successfully implement ICD-10 systems by October 1, 2015
- ❁ The Health Information Technology for Economic and Clinical Health (HITECH) Act – stipulates that healthcare providers will be offered incentives for meaningful use
 - Incentives offered until 2016
 - Post-2015, penalties will be charged to those who do NOT demonstrate meaningful use
- ❁ Centers for Medicare & Medicaid Services (CMS) report that \$19.2B of initial incentives have been disbursed since 2011 to ~441K registered providers, representing 88% of all eligible hospitals

Example: CHE Trinity Health, >\$1.5M saved since 2010 over five hospitals

- Used ICD-10 rewards to fund the installation of Computer Assisted Coding (CAC) to offset anticipated initial ICD-10 productivity declines; utilized existing interfaces
 - **CAC live at 5 of 17 hospitals—reduced coder backfill spend by >\$1M; increased coder productivity by 15%; reduction in coding-related claims denials; all resulting in overall increase in quality**
- Integrated clinical documentation improvement system (CDIS) with CAC solution to utilize electronic documents, natural language processing, and query suggestion

Key Transactions of 2013

Larger HCIT companies who conduct business across a wide span of healthcare technology segments were very active in acquiring more specialized businesses, seeking platform extensions into consumer engagement and mobile

(\$ in millions)

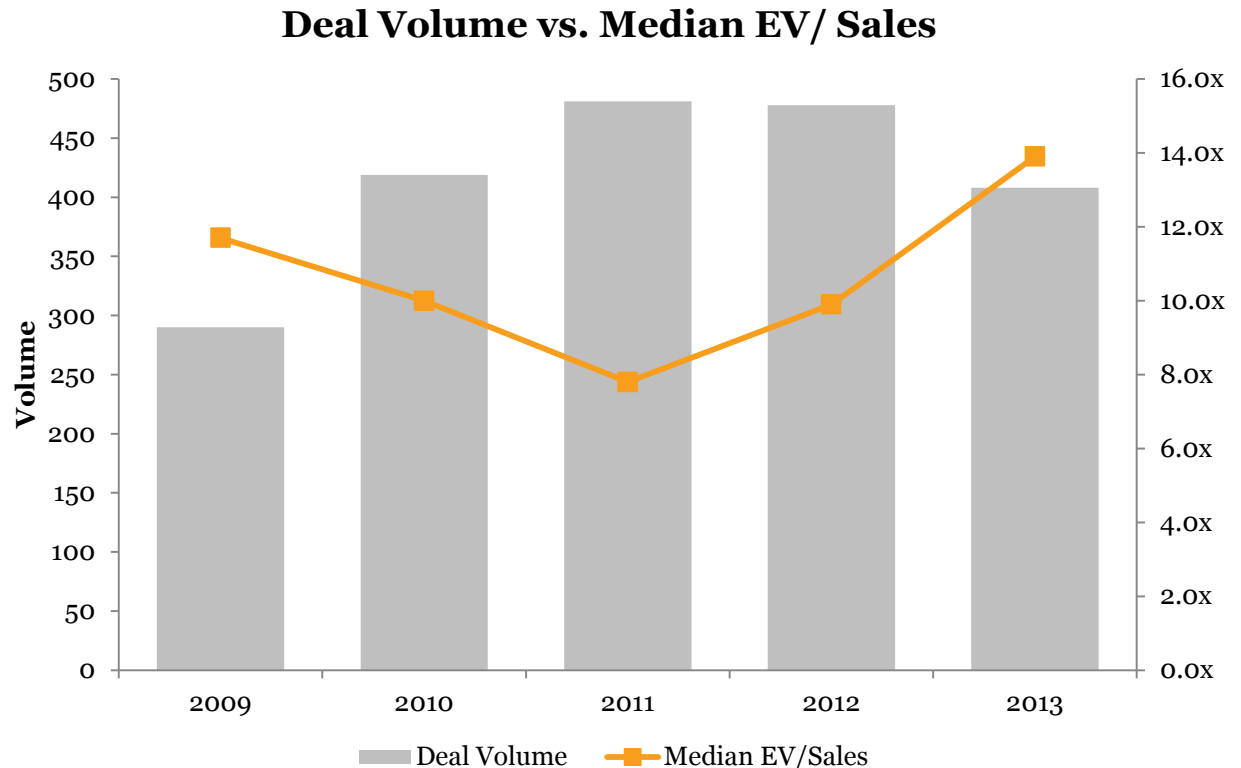
Acquirer	Target	Enterprise Value	Target LTM Rev.	LTM Rev. Multiple	Description
Allscripts	dbMotion	\$235	\$25	9.4x	Population health management & consumer engagement
Allscripts	Jardogs	\$24			
athenahealth	Epocrates	\$293	\$110	2.7x	EHR mobile app for physicians
Cerner	Labotix Automation	undisclosed			Lab automation & population health management
Cerner	PureWellness	undisclosed			
Experian	Passport	\$850	\$121	7.0x	RCM solutions
Practice Fusion	100Plus	undisclosed			Consumer engagement & analytics
Vitera	Greenway Medical	\$644	\$137	4.7x	EHR roll-up
Vitera	SuccessEHS	undisclosed			
Zotec	Medical Management Professionals	\$202	\$31.3	6.5x	RCM solutions & practice management

Source: Healthcare IT News, Rock Health, CapitalIQ, 451 Research, and other public sources

Overall M&A Recommendation

Given previously discussed M&A drivers within the current marketplace and valuations are at, or near, their short-term peak, a consideration of a company sale is warranted.

Year	Median EV/Sales Multiple
2009	11.7x
2010	10.0x
2011	7.8x
2012	9.9x
2013	13.9x



Source: CapitalIQ

Section V

Ideal Target Segments





Revenue Cycle Management

RCM can increase timely cash flow, improving quality of care

- ⊗ RCM systems address claims processing, payment, and revenue generation
- ⊗ EHR solutions and RCM systems work concurrently and their efficiencies are often determined by the other's implementation
- ⊗ Enhanced capability to properly code claims using ICD-10, increasing efficiency and adhering to new standards
- ⊗ Faulty, inefficient, and inaccurate RCM solutions lead to rejected claims, necessitating revisions that are costly and time-consuming
 - The following delays in cash flow from payer to provider limit providers' service capabilities
- ⊗ Important statistics:
 - Claims rejected on first submission: 30%
 - Underpaid claims: 20%
 - Gross collection rate: <60%
 - Preventable denials: 90%
 - Denials that are recoverable: 67%
 - Average days in A/R: 52.3
 - Cost per claim: \$5-\$7
 - **Revenue uncollected: 24%**



Data Protection & Security

Privacy is vital with regard to a technological shift

- ⌘ Since 2009, 29.3 million patient health records have been compromised in Health Insurance Portability and Accountability Act (HIPAA) data breaches
- ⌘ From 2012 to 2013, the number of total breaches increased 138%
- ⌘ 61% of healthcare organizations nationwide reported a security-related incident in the form of security breach, data loss, or unplanned downtime
- ⌘ These security incidents have cost an estimated \$1.6B per year, or almost \$810,000 per breach
- ⌘ Major healthcare technology and HCIT organizations may look to acquire companies specializing in data protection and security as possibly integration opportunities

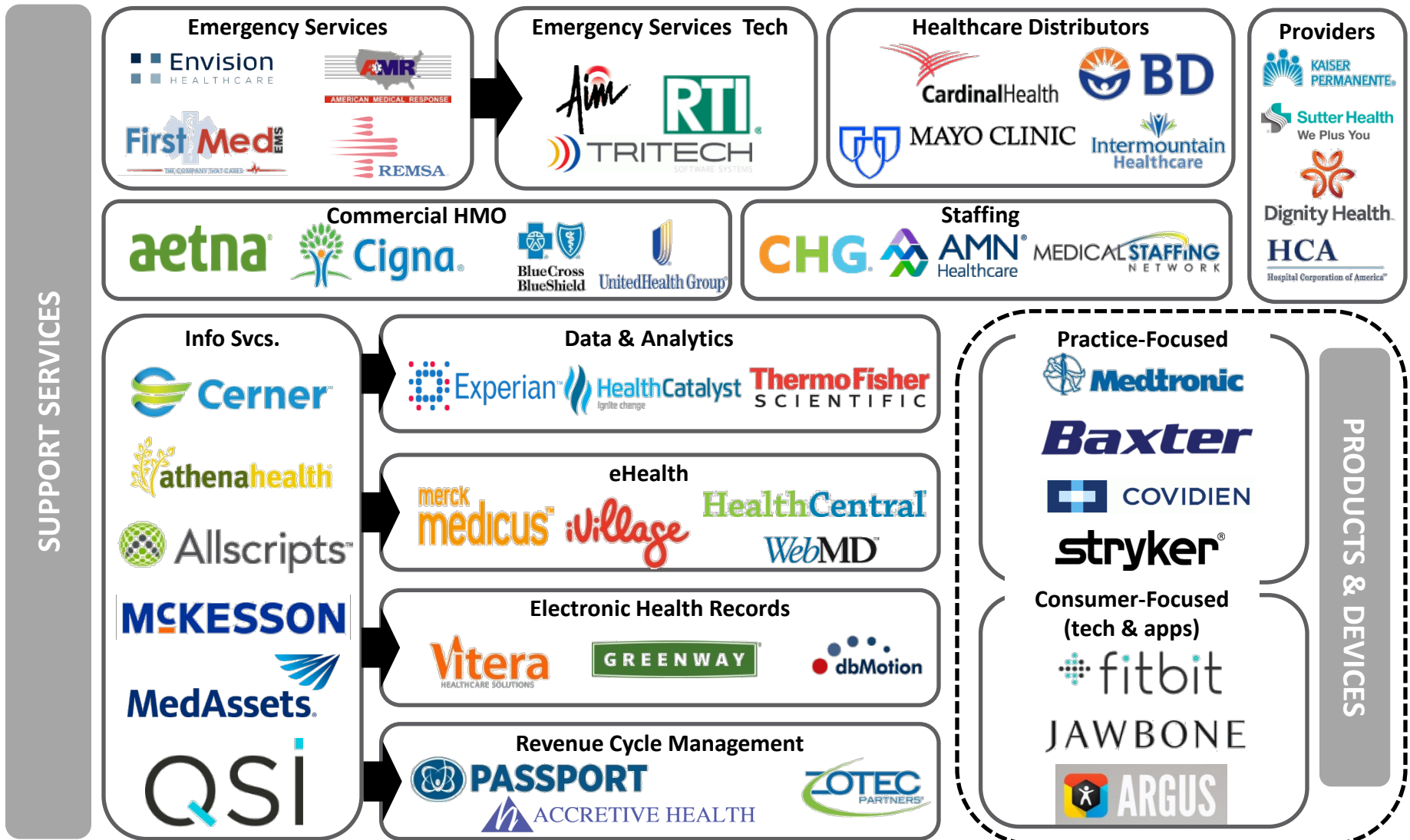
“Healthcare organizations are making significant IT investments to transform IT infrastructure and ensure that patient information is secure, protected, and highly available. Healthcare organizations have always focused on information security, but today they must do more to protect data and ensure accessibility to meet ARRA, HITECH, and HIPPA requirements.”
-Scott Fillion, GM
Global Healthcare,
EMC Corporation

Appendix A

Industry Landscape



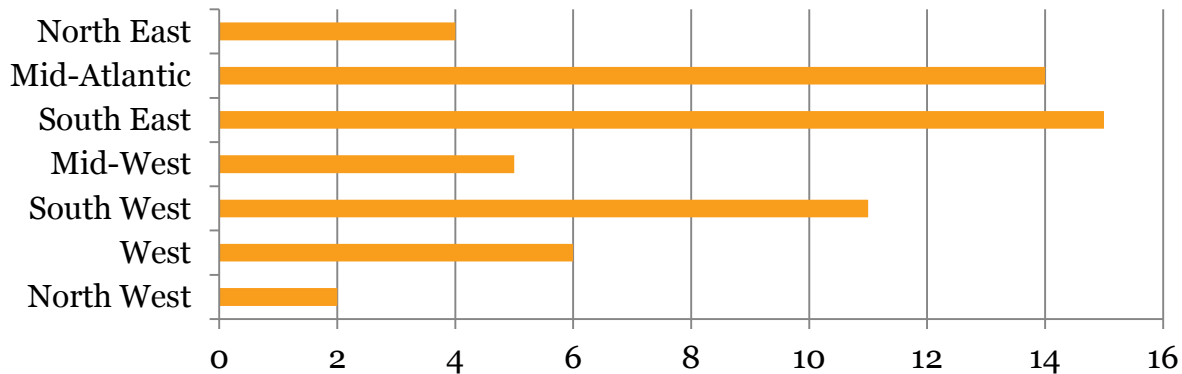
Healthcare Technology Industry Landscape



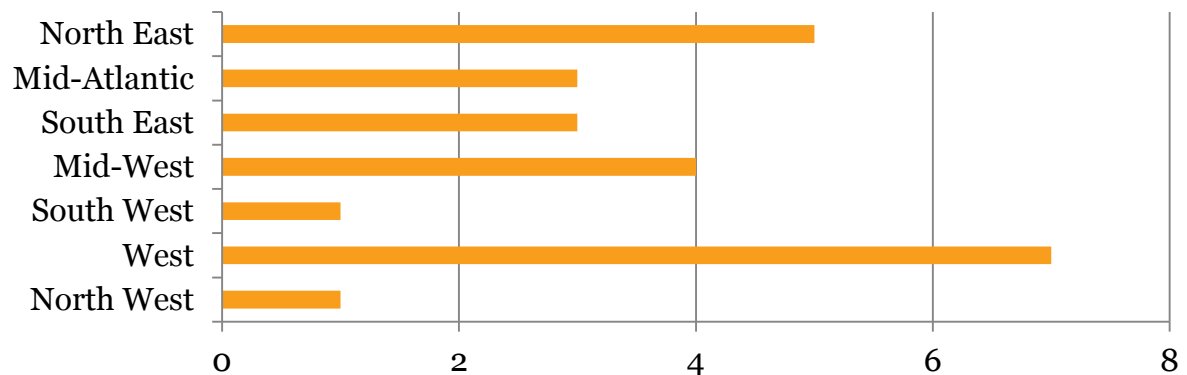
Healthcare M&A Targets by Region

Eastern US driving M&A within Services; Northeast and West lead in Product M&A

Healthcare Services, 2011-Present



Healthcare Products, 2013-Present



Appendix B

Life Sciences/ Healthcare M&A Historicals



M&A Split by Deal Value & Deal Volume



2008-2013 M&A Split by Deal Value							
<i>(\$ in billions)</i>							
	2008	2009	2010	2011	2012	2013	Total
\$5m-\$250m	\$ 12.5	\$ 9.0	\$ 19.4	\$ 19.9	\$ 19.2	\$ 17.5	\$ 97.5
\$251m-\$500m	\$ 9.9	\$ 6.4	\$ 11.7	\$ 13.4	\$ 11.6	\$ 9.7	\$ 62.7
\$501m-\$2,000m	\$ 11.8	\$ 17.5	\$ 27.5	\$ 20.3	\$ 25.9	\$ 14.9	\$ 117.9
\$2,001m-\$5,000m	\$ 6.9	\$ 6.2	\$ 7.5	\$ 10.1	\$ 8.0	\$ 7.7	\$ 46.4
>\$5,001m	\$ 39.0	\$ 152.5	\$ 26.2	\$ 62.4	\$ 60.7	\$ 52.2	\$ 393.0

2008-2013 M&A Split by Deal Volume							
<i>(# of deals)</i>							
	2008	2009	2010	2011	2012	2013	Total
Undisclosed	133	116	176	222	234	206	1087
\$5M-\$250M	12	12	22	23	20	18	107
\$251m-\$500m	189	135	188	197	190	152	1051
\$501m-\$2,000m	3	6	9	7	8	5	38
\$2,001m-\$5,000m	19	18	22	27	24	22	132
>\$5,001m	5	3	2	5	2	5	22

Source: Merrill Datasite

Appendix C

Public Comparables



Healthcare Services

(USD, in millions)

Trailing Twelve Months (TTM)

Company	Market Cap (4/15/14)	Cash	Debt	TEV	Revenue	EBITDA	EV/Rev	EV/EBITDA
UnitedHealth Group Inc.	\$ 78,651	\$ 7,276	\$ 17,023	\$ 89,573	\$ 122,489	\$ 10,587	0.7x	8.5x
Express Scripts Holding	57,096	1,991	13,947	69,059	104,099	6,519	0.7x	10.6x
Thermo Fisher Scientific	46,935	5,826	10,493	51,597	13,090	2,789	3.9x	18.5x
WellPoint Incorporated	27,169	1,582	15,461	41,048	71,024	5,154	0.6x	8.0x
Aetna Incorporated	25,601	1,412	9,045	33,286	47,290	4,153	0.7x	8.0x
Cardinal Health	23,046	2,741	3,934	24,239	96,735	2,566	0.3x	9.4x
Cigna Corporation	20,990	2,795	5,249	23,554	32,380	2,894	0.7x	8.1x
Humana Incorporated	16,965	1,138	3,003	18,830	41,313	2,315	0.5x	8.1x
DaVita Healthcare	14,585	946	8,428	22,930	11,759	2,384	1.9x	9.6x
Quest Diagnostics	8,667	187	3,366	11,871	7,146	1,439	1.7x	8.2x
Laboratory Corp	8,634	404	3,000	11,250	5,808	1,204	1.9x	9.3x
Athenahealth, Inc.	5,230	65	224	5,389	595	55	9.1x	98.3x
Allscripts Healthcare Solutions	3,071	63	562	3,570	1,373	10	2.6x	361.7x
HMS Holdings Corporation	1,506	93	233	1,645	492	128	3.3x	12.9x
MedAssets, Inc.	1,480	3	774	2,251	680	208	3.3x	10.8x
Quality Systems	951	82	-	857	441	73	1.9x	11.8x
Computer Programs & Systems	693	12	-	670	201	54	3.3x	12.5x
ServiceSource International	566	170	115	405	272	(10)	1.5x	nm

Mean	2.1x	36.1x
Median	1.8x	9.6x

Source: CapitalIQ & other public sources

Healthcare Products & Devices

(USD, in millions)

Company	Trailing Twelve Months (TTM)								
	Market Cap (4/15/14)	Cash	Debt	TEV	Revenue	EBITDA	EV/Rev	EV/EBITDA	
Medtronic, Inc.	\$ 58,127	\$ 1,304	\$ 12,233	\$ 56,693	\$ 16,900	\$ 5,672	3.4x	10.0x	
Baxter International	39,359	2,733	9,166	45,815	15,259	3,979	3.0x	11.5x	
Covidien	31,486	1,581	5,022	34,927	10,261	2,839	3.4x	12.3x	
Stryker Corporation	30,180	1,339	2,764	28,964	9,021	1,717	3.2x	16.9x	
Becton, Dickinson and Co	21,759	1,679	3,969	23,215	8,129	2,128	2.9x	10.9x	
Cerner Corporation	18,152	202	166	17,439	2,841	745	6.1x	23.4x	
St. Jude Medical	17,758	1,373	3,580	20,103	5,501	1,698	3.7x	11.8x	
Boston Scientific	17,615	217	4,248	21,645	7,143	1,596	3.0x	13.6x	
Agilent Technologies	17,555	2,742	2,695	17,511	6,781	1,390	2.6x	12.6x	
Intuitive Surgical	16,292	782	-	14,889	2,265	920	6.6x	16.2x	
Zimmer Holdings	15,688	1,081	1,673	15,556	4,623	1,660	3.4x	9.4x	
CR Bard Inc.	10,742	1,067	1,406	11,081	3,020	790	3.7x	14.0x	
Edwards Lifesciences	8,515	420	597	8,175	2,046	523	4.0x	15.6x	
Varian Medical Systems	8,353	971	481	7,789	2,976	678	2.6x	11.5x	
CareFusion Corporation	8,073	1,309	1,455	8,219	3,556	797	2.3x	10.3x	
							Mean	3.6x	13.3x
							Median	3.4x	12.3x

Source: CapitalIQ & other public sources

Appendix D

Precedent Transactions



Healthcare Services



Healthcare Transaction Comparable Analysis (\$ Millions)

Date	Target	Buyer	TEV	LTM Financials		LTM Multiples		Target Business Description
				Sales	EBITDA	Sales	EBITDA	
03/31/14	Titan Health Management Solutions, Inc.	Certive Solutions, Inc.	\$3	\$2	NA	1.3x	NA	MultiPlan, Inc. provides cost management solutions for commercial, government, and property and casualty markets. Its solutions are targeted at those responsible for paying healthcare claims generated from commercial group and individual health plans.
03/04/14	Health Care Compliance Strategies, Inc.	Healthstream Inc.	\$16	\$7	NA	2.4x	NA	Health Care Compliance Strategies, Inc. provides online training courses and learning management systems to hospitals and healthcare institutions. The company offers various suites catering to specific sectors of healthcare compliance.
02/17/14	MultiPlan, Inc.	Partners Group Holding AG; Starr Investment Holdings, LLC, Investment	\$4,400	NA	NA	NA	NA	MultiPlan, Inc. provides cost management solutions for commercial, government, and property and casualty markets. Its solutions are targeted at corporations and organizations responsible for paying healthcare claims generated from commercial group and individual health plans.
01/09/14	HealthTronics, Inc.	Altaris Capital Partners, LLC	\$140	NA	NA	NA	NA	HealthTronics, Inc., a urology solutions company, offers information technology solutions, such as EHR systems for doctors to manage their office and records; maintains medical equipment in the urology field.
01/07/14	Alverix, Inc.	Becton, Dickinson and Company	\$40	NA	NA	NA	NA	Alverix, Inc. engages in the design and manufacture of instrument and connectivity platforms for diagnostic point-of-care testing applications.
11/14/13	Unibased Systems Architecture, Inc.	Streamline Health, Inc.	\$7	NA	NA	NA	NA	Unibased Systems Architecture, Inc. provides information technology solutions to healthcare organizations. The company offers access management processes, including pre-access management, RCM, and resource management.
11/06/13	Passport Health Communications Inc.	Experian plc	\$850	NA	NA	NA	NA	Passport Health Communications Inc. provides software and solutions to help hospitals and health care providers improve business operations and secure payment for their services.
10/16/13	Aesynt	Francisco Partners Management LLC	\$52	NA	NA	NA	NA	Aesynt provides integrated solutions to automate the supply and medication-use processes in community and university hospitals, and integrated delivery networks. It offers an automated system for communicating medication orders and managing documents.
10/08/13	E5 Systems, Inc.	Lionbridge Technologies Inc. (NasdaqGS:LIOX)	\$4	NA	NA	NA	NA	E5 Systems, Inc. operates as an application life cycle services company in the United States. It offers portfolio management strategy, application transformation, software product development, and systems maintenance and enhancement.
10/03/13	PACSGEAR, Inc.	Perceptive Software USA, Inc.	\$54	NA	NA	NA	NA	PACSGEAR, Inc. provides image connectivity solutions for medical image management (PACS) and EHR (EHR) systems to hospitals, healthcare networks, and imaging facilities worldwide.
09/23/13	Greenway Medical Technologies, Inc.	Vitera Healthcare Solutions, LLC	\$632	\$135	-\$3	4.7x	NMF	Greenway Medical Technologies, Inc. provides IT solutions and managed business services to healthcare providers in the US. It offers a single integrated application with EHR (EHR), practice management, and interoperability functionality.
09/17/13	BrachySciences, Inc.	Eckert & Ziegler BEBIG S.A.	\$5	\$11	NA	NMF	NA	BrachySciences, Inc. develops, markets, sells, and distributes radioactive seeds, and delivery systems and ancillary equipment used in brachytherapy implants. The company also engages in the research and development of prostate cancer treatments.
06/25/13	Advantage Management Solutions, Inc.	Veeva Systems Inc. (NYSE:VEEV)	\$11	NA	NA	NA	NA	Advantage Management Solutions, Inc. provides information technology outsourcing services to the healthcare industry in the United States. It specializes in strategic consulting, information technologies, decision support tools, and business solutions.
06/03/13	QuadraMed, Inc.	N. Harris Computer Corporation	\$0	NA	NA	NA	NA	QuadraMed, Inc. provides IT solutions for the healthcare IT market. The company offers access/identity management solutions; care management, such as EHR; and RCM solutions, including denial-prevention.

Source: CapitalIQ & other public sources

Healthcare Services



04/17/13	Managed Healthcare Associates, Inc.	Roper Industries Inc.	\$1,000	NA	NA	NA	NA	Managed Healthcare Associates, Inc. provides a portfolio of services and solutions to support the needs of alternate site healthcare providers. It offers services and solutions in group purchasing, reimbursement management, and pharmaceutical data analytics.
03/01/13	NetDimensions Healthcare	NetDimensions (Holdings) Ltd (AIM:NETD)	\$3	NA	NA	NA	NA	NetDimensions Healthcare offers e-learning and compliance solutions to the U.S. healthcare market. Its solutions comprise healthcare training content that is delivered via the NetDimensions Talent Suite.
02/19/13	HITS Consulting Group LLC	iMedicor, Inc. (OTCPK:VMCI)	\$1	NA	NA	NA	NA	HITS Consulting Group LLC provides EHRs (EHR) information technology consulting services to healthcare facilities. It offers medicare annual wellness visit; EHR software selection; IT services; and meaningful use (MU) coaching services.
01/07/13	Epocrates, Inc.	athenahealth, Inc. (NasdaqGS:ATHN)	\$229	\$111	\$6	2.1x	40.4x	Epocrates, Inc. provides subscriptions for mobile drug reference tools and EHRs to healthcare professionals, and interactive services to the healthcare industry.

Mean	\$414	\$53	\$1	2.6x	40.4x
Median	\$28	\$11	\$1	2.2x	40.4x
Mean excl Max/min	\$468	\$290	\$56	8.8x	10.1x

Healthcare Products & Devices



Healthcare (Products/Devices) Transaction Comparable Analysis

(\$ Millions)

Date	Target	Buyer	TEV	LTM Financials		LTM Multiples		Target Business Description
				Sales	EBITDA	Sales	EBITDA	
02/20/14	New Star Lasers, Inc.	Syneron Inc.	\$15.0	\$8.9	NA	1.7x	NA	New Star Lasers, Inc., doing business as CoolTouch, Inc., designs, manufactures, and markets Nd:YAG and Ho:YAG medical lasers for the aesthetic surgery, endovenous, general surgery, and cardiovascular markets.
01/30/14	Hitachi Medical Corporation	Hitachi Ltd.	\$71,918.0	\$162,515.0	\$7,940.0	NM	9.1x	Hitachi Medical Corporation develops, manufactures, sells, and installs medical systems, medical information systems, general analysis systems, and medical analysis systems for hospitals and clinics in Japan, North America, Europe, China, rest of Asia, and internationally.
12/31/13	Patient Safety Technologies, Inc.	Stryker Corporation	\$107.6	\$20.0	\$3.1	5.4x	35.2x	Patient Safety Technologies, Inc., through its subsidiary, SurgiCount Medical, Inc., engages in the development, marketing, and sale of products; and the provision of services in the medical patient safety markets in the United States.
12/04/13	PULSION Medical Systems SE	Geringe AB	\$138.1	\$36.5	\$12.5	3.8x	11.1x	PULSION Medical Systems SE, together with its subsidiaries, develops, manufactures, and sells systems to monitor, diagnose, and manage the physical parameters of seriously ill and intensive care patients worldwide.
12/16/13	Solta Medical, Inc.	Valeant Pharmaceuticals International, Inc.	\$271.5	\$151.1	\$2.5	1.8x	110.6x	Solta Medical, Inc. designs, develops, manufactures, and markets energy-based medical device systems for aesthetic applications primarily in North America, the Asia Pacific, Europe, and the Middle East.
11/28/13	Medi-Stim ASA	Intertrade Shipping AS	\$381.3	\$188.5	\$36.5	2.0x	10.4x	Medistim ASA develops, produces, services, leases, and distributes medical devices for cardiac and vascular surgery.
11/22/13	Biosensors International Group, Ltd.	CITIC Private Equity Funds Management Co., Ltd.	\$1,200.1	\$329.8	\$108.4	3.6x	11.1x	Biosensors International Group, Ltd., an investment holding company, engages in the research and development, manufacture, assembly, marketing, distribution, and sale of medical devices for interventional cardiology and critical care procedures worldwide.
11/18/13	Mediwatch plc	Laborie Medical Technologies Europe Limited	\$9.9	\$9.9	\$0.4	1.0x	23.2x	Mediwatch plc, through its subsidiaries, engages in the development and marketing of medical devices used in the diagnosis of urological disorders and the detection of early prostate cancer.
11/18/13	Vital Signs, Inc.	CareFusion Corporation	\$500.0	\$250.0	NA	2.0x	NA	Vital Signs, Inc., through its subsidiaries, provides medical products and services.
11/13/13	Hitachi Medical Corporation	Hitachi Ltd.	\$70,912.7	\$161,365.0	\$7,022.0	NM	10.1x	Hitachi Medical Corporation develops, manufactures, sells, and installs medical systems, medical information systems, general analysis systems, and medical analysis systems for hospitals and clinics in Japan, North America, Europe, China, rest of Asia, and internationally.
11/12/13	Andor Technology plc	Oxford Instruments plc	\$145.3	\$54.6	\$7.1	2.7x	20.4x	Andor Technology plc engages in the development, manufacture, and sale of high performance scientific digital cameras for academic, industrial, and government applications.
11/11/13	Novartis Vaccines & Diagnostics, Inc., Blood Transfusion Diagnostics	Grifols, S.A.	\$1,675.0	\$565.0	NA	3.0x	NA	The BTU Unit of Novartis comprises blood transfusion diagnostics unit and include diagnostic products for transfusion medicine and immunology, NAT technology, instrumentation and equipment for blood screening, specific software, and reagents.
10/28/13	Confluent Surgical, Inc.	Integra LifeSciences Corporation	\$261.0	\$65.0	NA	4.0x	NA	Confluent Surgical, Inc. provides dural sealant systems for cranial surgeries in the United States, Europe, and Canada.
10/16/13	Biotech International SARL	Wright Medical Group Inc.	\$80.1	\$15.0	NA	5.3x	NA	Biotech International SARL designs, manufactures, and distributes dental and orthopedic implants for surgeons and laboratory technicians in France and internationally.
10/11/13	Medi-Flex Ltd.	Top Glove Sdn Bhd	\$134.8	\$200.8	\$27.6	NM	4.9x	Medi-Flex Limited, an investment holding company, is engaged in manufacturing and trading gloves primarily in North America, Asia, and Europe.
09/25/13	MAKO Surgical Corp.	Stryker Corporation	\$1,488.8	\$112.4	(\$26.3)	13.2x	NM	MAKO Surgical Corp., a medical device company, markets its advanced robotic arm solution, joint specific applications for the knee and hip, and orthopedic implants for orthopedic procedures in the United States and internationally.

Source: CapitalIQ & other public sources

Healthcare Products & Devices



09/17/13	BrachySciences, Inc.	Eckert & Ziegler BEBIG S.A.	\$5.0	\$11.1	NA	NM	NA	BrachySciences, Inc. develops, markets, sells, and distributes radioactive seeds, and delivery systems and ancillary equipment used in brachytherapy implants. The company also engages in the research and development of prostate cancer treatments.
09/09/13	Ogawa World Berhad	Comfort Enterprise (Hong Kong) Co., Limited	\$66.3	\$223.6	\$24.9	NM	2.7x	Ogawa World Berhad, an investment holding company, is engaged in designing, developing, marketing, wholesaling, retailing, distributing, and servicing health care equipment and supplementary appliances.
09/04/13	Rochester Medical Corporation	CR Bard Inc.	\$238.8	\$67.8	\$9.3	3.5x	25.7x	Rochester Medical Corporation engages in the development, manufacture, and marketing of PVC-free and latex-free urinary continence and urine drainage care products for the home and acute care markets.
08/11/13	Cardiocom, LLC	Medtronic, Inc.	\$200.0	\$50.0	NA	4.0x	NA	Cardiocom, LLC develops, manufactures, and markets telemonitoring products and services for heart failure, chronic obstructive pulmonary disease, asthma, diabetes mellitus, obesity, end stage renal disease, hypertension, asthma, and other complex conditions.
08/08/13	Grupo Sendal SL	CareFusion Corporation	\$30.0	\$24.5	NA	1.2x	NA	Grupo Sendal SL engages in manufacturing and marketing single use products for healthcare providers and hospitals.
08/07/13	Champion Manufacturing, Inc.	Levine Leichtman Capital Partners; Levine Leichtman Capital Partners	\$45.0	\$22.1	\$5.5	2.0x	8.2x	Champion Manufacturing, Inc. offers medical treatment products to the healthcare market.
07/30/13	Systagenix Wound Management, Limited	Kinetic Concepts, Inc.	\$485.0	\$196.0	NA	2.5x	NA	Systagenix Wound Management, Limited engages in developing and marketing diagnostic and therapeutic solutions, and wound dressings.
07/30/13	Immco Diagnostics, Inc.	Trinity Biotech plc	\$32.8	\$12.5	NA	2.6x	NA	Immco Diagnostics, Inc. develops, manufactures, and distributes diagnostic kits and laboratory supplies.
06/28/13	Bard Electrophysiology, Inc.	EP Technologies, Inc.	\$275.0	\$111.0	NA	2.5x	NA	Bard Electrophysiology manufactures and markets medical equipment, catheters, and accessories used in cardiac electrophysiology (EP) procedures.
06/25/13	Peters Surgical SAS	Eurazeo PME	\$46.7	\$37.0	NA	1.3x	NA	Peters Surgical SAS develops, manufactures, and distributes medical devices.
06/19/13	Wright Medical Group, Inc., OrthoRecon Business	Microport Medical B.V. Inc., OrthoRecon Business	\$290.0	\$269.0	NA	1.1x	NA	Wright Medical Group, Inc., OrthoRecon Business comprises hip and knee implant products.
06/18/13	Bionostics Holdings Limited	Research And Diagnostic Systems, Inc.	\$104.0	\$29.3	\$9.4	3.5x	11.1x	Bionostics Holdings Limited manufactures calibration verification products and diabetes diagnostic test systems.
06/12/13	ZONARE Medical Systems, Inc.	Mindray Medical International Limited	\$101.7	\$64.0	NA	1.6x	NA	ZONARE Medical Systems, Inc. develops ultrasound systems for ultrasound professionals worldwide.
06/12/13	Pioneer Surgical Technology, Inc.	RTI Biologics, Inc. (nka:RTI Surgical Inc.)	\$130.0	\$88.2	NA	1.5x	NA	Pioneer Surgical Technology, Inc. designs, manufactures, and markets spinal and orthopedic implants and instruments for customers internationally.
05/27/13	Bausch & Lomb Holdings Incorporated	Valeant Pharmaceuticals International	\$8,415.8	\$3,076.9	\$621.7	2.7x	13.5x	Bausch & Lomb Holdings Incorporated engages in the development, manufacture, and marketing of eye health products.
05/23/13	Nordion (Canada) Inc., Targeted Therapies Division	BTG plc	\$200.0	\$48.0	NA	4.2x	NA	Nordion Inc. is a health science company that provides products used for the prevention, diagnosis, and treatment of diseases. Since the acquisition, the company now focuses on sterilization technology and medical isotope production.
05/21/13	Teamolmed Syd AB	Ossur Hf.	\$360.0	\$348.0	\$43.0	1.0x	8.4x	Teamolmed Syd AB designs and develops orthopedic technology.
05/13/13	Theragenics Corp.	Juniper Investment Company, LLC	\$53.7	\$78.8	\$9.2	NM	5.8x	Theragenics Corporation, a medical device company, manufactures, markets, and sells disposable devices primarily to the surgical products and cancer treatment markets in the United States, Europe, and internationally.
04/30/13	Melly Sichte Co., Ltd.	SHO-BI Corporation	\$1,085.0	\$597.8	NA	1.8x	NA	Melly Sichte Co., Ltd. develops and sells contact lens and contact lens care products.
04/29/13	Conceptus, Inc.	Bayer HealthCare LLC	\$1,089.3	\$145.4	\$29.7	7.5x	36.6x	Conceptus, Inc. designs, develops, and markets minimally invasive devices for reproductive medical applications primarily in the United States, France, and Europe.

Source: CapitalIQ & other public sources

Healthcare Products & Devices



04/04/13	Heraeus Kulzer GmbH	Mitsui Chemicals, Inc.	\$450.0	\$353.6	NA	1.3x	NA	Heraeus Kulzer GmbH provides prosthetics and systems for the conservation and restoration of natural teeth.
04/02/13	Neurelec SA	William Demant Holding A/S	\$57.5	\$18.5	NA	3.1x	NA	Neurelec SA engages in the development, manufacture, and commercialization of auditory implantable systems.
03/27/13	Permobil AB	Investor AB	\$5,500.0	\$1,600.0	\$350.0	3.4x	15.7x	Permobil AB develops, manufactures, and markets powered wheelchairs, and transport and communication systems for people with functional disabilities.
03/25/13	Angiotech Pharmaceuticals Inc., Interventional Products Business	Argon Medical Devices, Inc.; Argon Medical Devices Netherlands B.V.	\$362.5	\$101.6	NA	3.6x	NA	Angiotech Pharmaceuticals Inc., Interventional Products Business manufactures and markets disposable and re-usable biopsy products for the diagnosis of cancer, drainage catheter products, and vascular interventional products.
03/22/13	HemCon Medical Technologies, Inc.	Tristar Wellness Solutions Inc.	\$41.8	\$5.0	(\$1.3)	8.4x	NM	HemCon Medical Technologies, Inc., a medical technology company, develops, manufactures, and markets wound care, anti- microbial, and oral care products for the military, emergency medical, surgical, dental, and over- the- counter markets.
03/18/13	Palomar Medical Technologies Inc.	Cynosure, Inc.	\$208.9	\$80.6	(\$4.5)	2.6x	NM	Palomar Medical Technologies, Inc. designs, manufactures, markets, and sells lasers and other light-based products, and related disposable items and accessories for use in dermatology and cosmetic procedures.
03/04/13	Baxano, Inc.	TranS1, Inc. (nka:Baxano Surgical, Inc.)	\$23.6	\$9.4	NA	2.5x	NA	Baxano Surgical Inc., a medical device company, develops and manufactures minimally invasive tools for restoring spine function and preserving healthy tissue.
02/24/13	HemoCue AB	Radiometer Medical ApS	\$300.0	\$114.0	NA	2.6x	NA	HemoCue AB develops, produces, and markets medical diagnostic products for point of care testing.
02/04/13	Latexx Partners Bhd	Semperit Technische Produkte GmbH	\$544.9	\$396.4	(\$47.0)	1.4x	NM	Latexx Partners Berhad, an investment holding company, engages in manufacturing, trading, and selling natural rubber latex examination and surgical gloves worldwide.
01/29/13	Sound Surgical Technologies LLC	Solta Medical, Inc.	\$39.9	\$23.0	\$2.0	1.7x	19.9x	Sound Surgical Technologies LLC provides ultrasound liposuction procedures for cosmetic surgical applications.
01/24/13	Goodman Co., Ltd.	Nipro Corporation	\$14,856.3	\$14,307.0	\$2,159.0	1.0x	6.9x	Goodman Co., Ltd. engages in the development, manufacture, import, and sale of medical equipment and medical disposables primarily in the field of cardiology in Japan.
01/17/13	Trauson Holdings Company Limited	Stryker Corporation	\$5,354.2	\$430.3	\$191.6	12.4x	27.9x	Trauson Holdings Company Limited, an investment holding company, engages in the design, manufacture, and sale of trauma and spine orthopedic implants and related surgical tools in the People's Republic of China.
01/07/13	Grass Technologies Corporation	Natus Medical Inc.	\$18.6	\$18.5	NA	1.0x	NA	Grass Technologies Corporation manufactures neurophysiological monitoring instruments for research and clinical applications, such as sleep monitoring and analysis, long-term monitoring, electroencephalograph (EEG) monitoring, and neurophysiological research studies.

Mean	\$2,624	\$4,139	\$460	3.2x	19.6x
Median	\$239	\$102	\$9	2.6x	11.1x
Mean excl Max/min	\$2,539	\$3,989	\$482	3.0x	15.3x

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If you are thinking about selling or buying a technology company, we are ready to talk to you.

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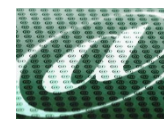
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