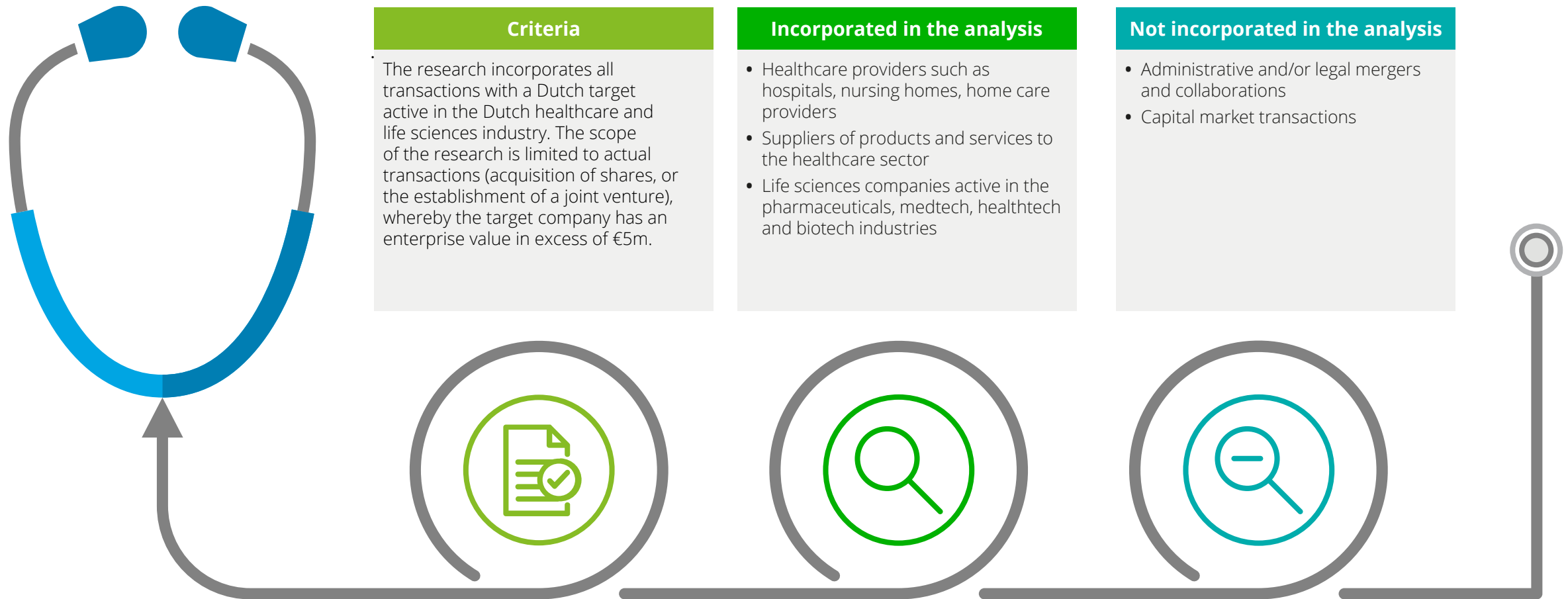


Healthcare & Life sciences
M&A research 2023
Executive Summary

Amsterdam, February 2023

Research design

Deloitte Financial Advisory has conducted research in merger and acquisition activity in the Dutch healthcare market since 2008



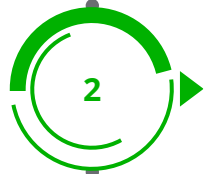
The research is based on publicly available sources. Since actual transaction values are not always available some of them are based on estimations by Deloitte Corporate Finance

Main conclusions

124 transactions were performed in the industry, with a 70% growth in life sciences deals compared to 2021. Private equity was involved in 67% of transactions



- The total number of transactions in the healthcare and life sciences industry increased again in 2022, to 124 transactions in 2022 vs. 116 in 2021
- In the life sciences sector, the number of transactions increased by 68% compared to 2021 with 37 transactions in 2022
- With 83 transactions, private equity (PE) accounts for 67% of the total number of transactions, which is in line with the higher activity of the past 2 years
- With 17% of the total volume, the number of transactions of true healthcare providers, is lower than the average of the past 10 years



- Although the total transaction volume is almost the same, there are striking shifts per segment. The largest increase in the number of transactions took place in life sciences (37 in 2022 vs. 22 in 2021), followed by the supply of care (30 in 2022 vs. 20 in 2021). A striking decrease in the number of transactions is the nursing homes and home care sector (4 in 2022 vs. 17 in 2021). In addition, hospitals/clinics (11 in 2022 vs. 10 in 2021) and other healthcare providers (22 in 2022 vs. 20 in 2021) have remained virtually the same. The other care sectors, GGZ/GZ (6 in 2022 vs. 8 in 2021), services (14 in 2022 vs. 19 in 2021) have decreased compared to 2021



- The number of transactions by investors/private equity has increased both in relative and absolute terms compared to 2021. Investors as buyers, including transactions by portfolio companies, made 83 transactions in 2022. The number of transactions excluding PE remains nearly the same (41 in 2022 versus 42 in 2021). At the core of healthcare, 12 transactions were made by PE in 2022, which is a slight decrease compared to the 14 transactions last year, but still more than twice as many as the last decade's average
- With 31 transactions, the number of new platform investments (tier 1) is much higher compared to 2021. The number of add-on investments (tier II) increased slightly with 52 transactions in 2022 vs. 51 in 2021
- Several pan-European investors are very active on the Dutch market in 2022, including Nordic Capital, with 5 transactions via its platforms Equipe (medical clinics), European Dental Group (oral care) and Veonet (eye clinics). G-Square Capital also performed 5 transactions, with its platform investments Denteam (oral care) and Duomed (medical instruments)

Main conclusions

International buyers are accountable for half of the total number of transactions in 2022



- The number of international buyers increased again in 2022 compared to 2021. 66 of the 124 transactions in 2022 were made by international buyers vs. 47 in 2020. This concerns both international strategic buyers and foreign financial investors
- The increased international activity is driven by the activity of a large number of pan-European platforms, the consolidation in life sciences and US buyers who benefited from the relatively favorable USD/EUR ratio
- The number of foreign buyers in the life sciences and supply sectors has historically always been high (cumulatively 46 transactions in 2022 versus 26 in 2021). The volumes of supply and life sciences sector transactions increased by 83% and 71% respectively compared to 2021



- The total value of merger & acquisition transactions in healthcare is estimated to be approximately €2.5 billion in 2022. Notable parties and transactions include:
 - Parcom, a Dutch investor, acquires Zorg van de Zaak, a group in the field of business care and related care
 - Goldman Sachs acquires Norgine, a specialist pharmaceutical manufacturer
 - Ottobock, a German company in orthopedic technology, acquires Livit orthopedics and Veldink wheelchair technology
 - Unident, a Swedish distributor of dental consumables and equipment, as well as a provider of laboratory services and dental analysis software, acquires dental wholesalers ADT and Hofmeester Dental
 - Radnet, an American provider of diagnostic imaging centers, acquires Aidence and Quantib, two scale-ups active in the field of Artificial Intelligence and imaging





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Investors have invested in a large number of new platform companies in 2022. We see the sector gaining a lot of interest in the current economic uncertain times due to the strong underlying drivers of the industry

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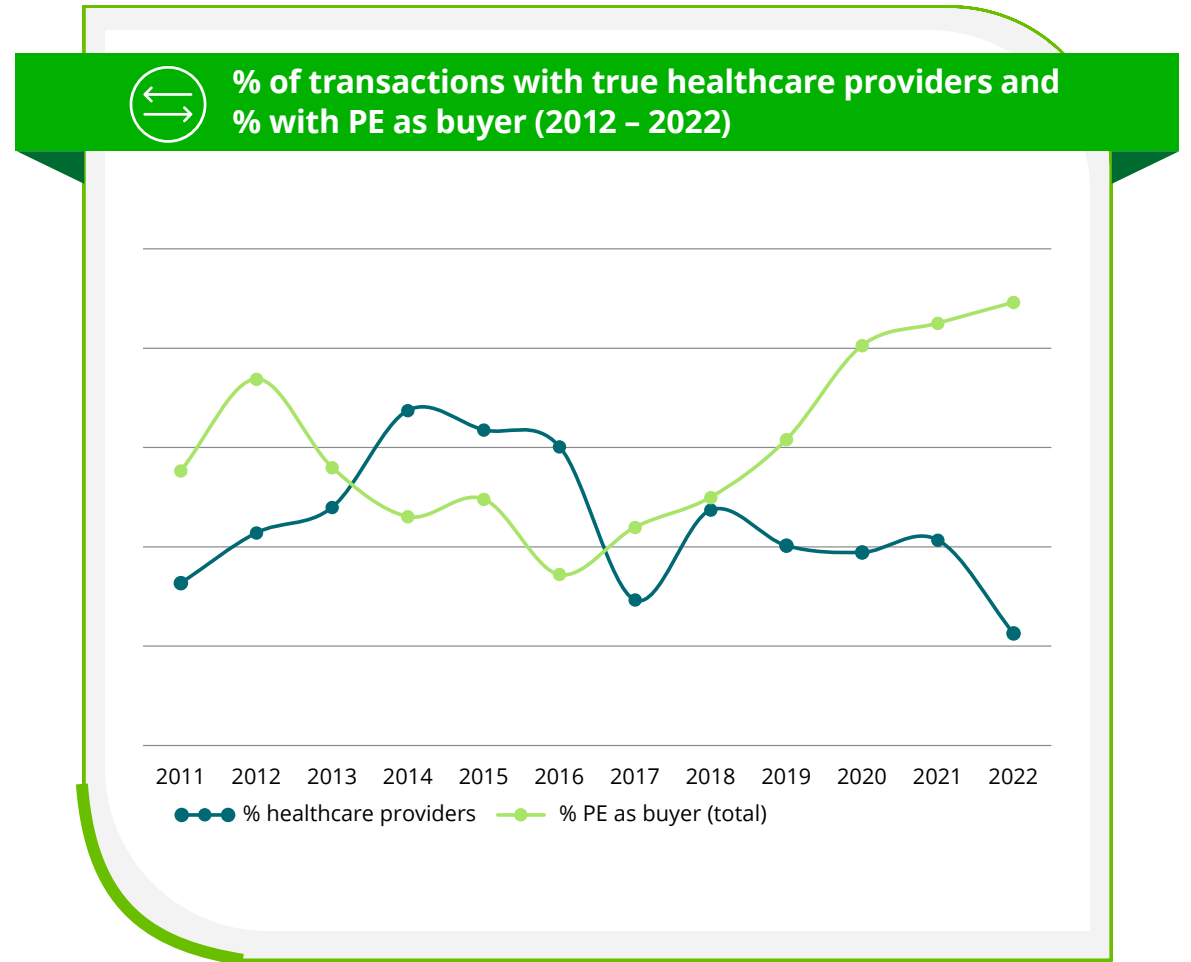
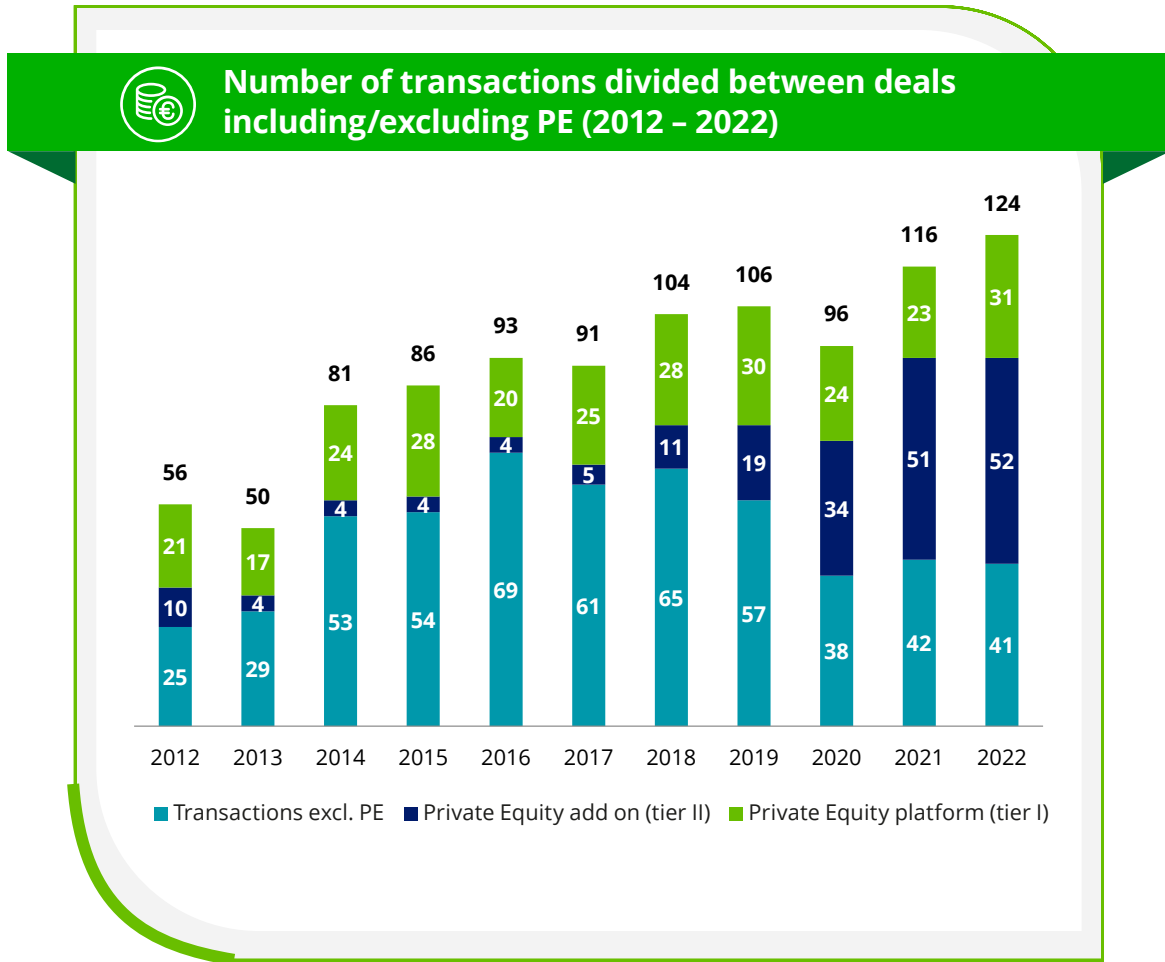
We see a growing number of (international) investors who specialize or explicitly focus on the healthcare and/or life sciences sectors, including impact funds

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Matthijs van Thiel de Vries, Director Healthcare

Transactions in the healthcare & life sciences industry

There has been an increase in mergers and acquisitions volumes in the Dutch healthcare and life sciences sector in 2022



Note: Private Equity as a buyer (Tier I) is a new (platform) investment by an investor. Tier II concerns transactions that are made from an existing investment of an investor, so-called add-on investments. Transactions in the core of healthcare concern transactions involving healthcare providers, such as hospitals, clinics, mental healthcare and nursing and home care providers

Transactions in the healthcare & life sciences industry

The share of international transactions grew to 53% by 2022; in 2022 there was a significant increase in the number of transactions in the life sciences sector

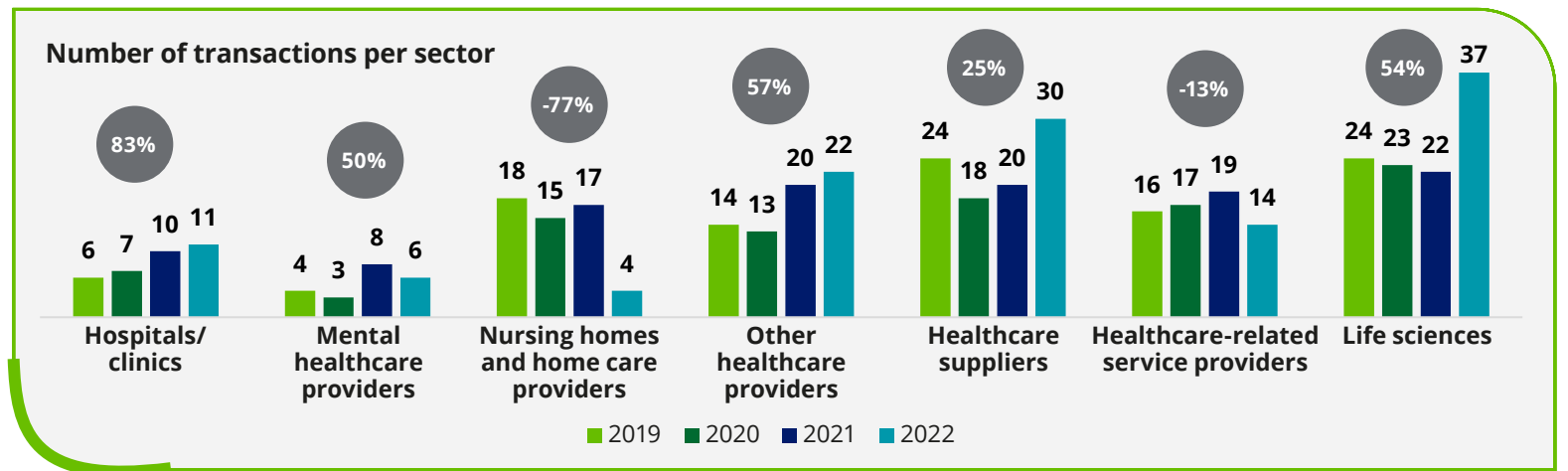
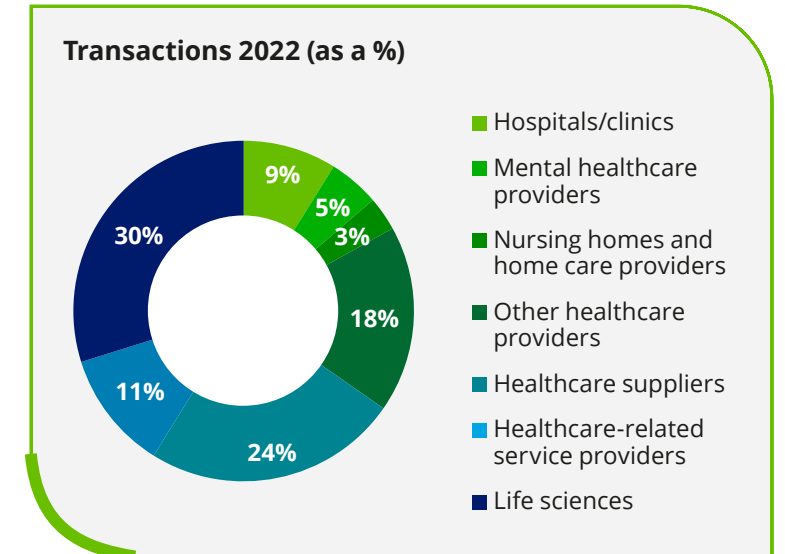
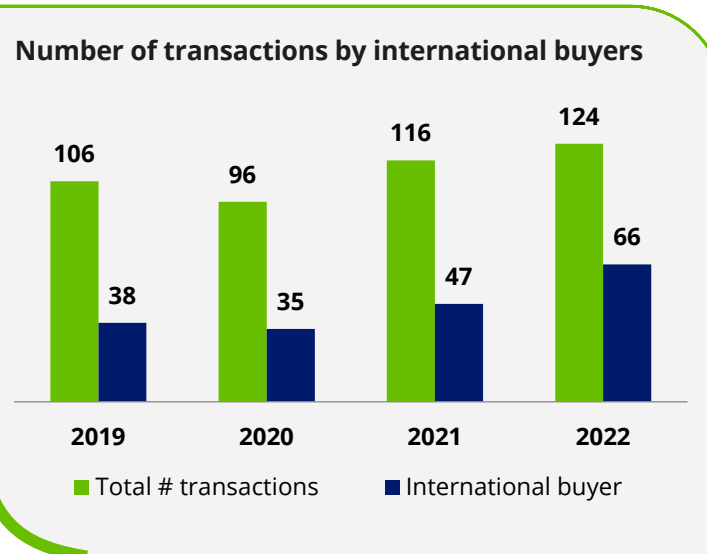
The total number of transactions in the Dutch healthcare and life sciences industry has grown again in 2022, likewise the number of international buyers. The number of transactions in the life sciences sector has increased remarkably fast

37 transactions were performed in the life sciences sector, a substantial increase compared to 2021. This increase is visible throughout the life sciences sector with biotech as a front-runner. The increased transaction activity appears to be the result of the international consolidation wave that is currently underway within life sciences and the increased interest of investors in the sector

The number of transactions in nursing homes and home care providers has fallen sharply. This seems to be related to the COVID-19 pandemic, (the plans for) stricter regulations and the recently launched Integrated Care Agreement (IZA)

The activity within the hospitals/clinics sector is mainly driven by the (international) consolidation of various clinic chains

In the Other healthcare providers segment, there is high transaction activity in the in oral care and physiotherapy





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The current challenges and turbulence in healthcare will lead to the reordering of the activities of public and private parties internationally. The regulation per country will determine the speed of this reordering. In the Netherlands, the Integral Care Agreement provides a good starting point for this necessary transition. Investments by private parties will accelerate innovation and transformation in the sector

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Claudia Brandenburg, Partner Financial Advisory

Expectations

In 2023, Deloitte expects relatively high transaction activity in the Dutch healthcare and life sciences industry



General

- Although in absolute terms there may be a slight decrease in transaction volumes, the number of healthcare and life sciences transactions will remain relatively high in 2023 compared to the volumes of the entire Dutch M&A market
- The transaction activity will continue to be largely fueled by PE's consolidation platforms and international consolidation within life sciences. Transactions will therefore increasingly be cross-border
- Start-ups and scale-ups in the Dutch healthcare and life sciences industry will have to deal with more difficult circumstances when trying to raise funds. Investors in such companies will be even more critical of which propositions they invest in



Investors

- The number of transactions by PE is expected to remain high. Investors see healthcare and life sciences companies as relatively safe and as attractive investments in the current economic climate
- We see a growing number of (international) investors who specialize or explicitly focus on the healthcare and/or life sciences sector, including (international) impact funds
- The chain formation of, among others, dentists, veterinarians and physiotherapists and skin clinics will continue unabated due to the consolidation of various pan-European groups and of recently formed Dutch platforms



Healthcare providers

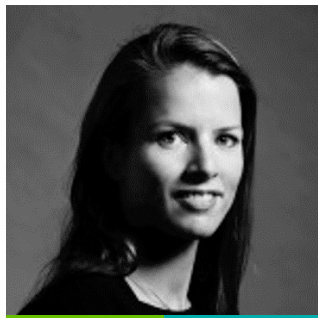
- Traditional healthcare providers with relatively high fixed costs and a lot of staff will suffer in 2023 as a result of inflation, rising personnel costs and reimbursements that are only indexed to a limited extent. Many of these parties will not have the agility required to adjust their cost base and processes accordingly in a timely manner. In the long term, this will result in more transaction activity of these healthcare providers and of their suppliers and service providers. This could include, for example, healthcare providers which sell non-core activities to ensure continuity and accelerated scaling / consolidation of medical laboratories
- The Integrated Care Agreement (IZA) launched last year is expected to lead to fewer transactions in the short term due to the attention this will require from board members. In the medium and long term, the IZA is expected to generate more M&A activity linked to the creation of new combinations of care parties and service providers

Deloitte Corporate Finance

Healthcare & Life sciences



Matthijs van Thiel de Vries
Director Corporate Finance
Life Sciences & Healthcare
+31 882886159
mvanthieldevries@deloitte.nl



Iris van Weel
Director Corporate Finance
Life Sciences & Healthcare
+31 882861784
ivanweel@deloitte.nl



Claudia Brandenburg
Partner Financial Advisory
Life Sciences & Healthcare
+31 882861784
ivanweel@deloitte.nl



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We guide transaction processes decisively and with integrity to realize the best possible outcomes for our customers

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- An extensive track record of transactions in almost all healthcare and life sciences submarkets in the Netherlands, Europe and worldwide
- In-depth sector expertise, resulting in relevant knowledge and connections
- A pragmatic approach, in which we work closely and effectively with you
- A strong international M&A practice with local access to relevant buyers worldwide

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Global League Table 2022 MergerMarket
Benelux League Table 2022 MergerMarket
Global Life sciences & Healthcare League Table 2022 MergerMarket
Best Diversity Firm 2022



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