

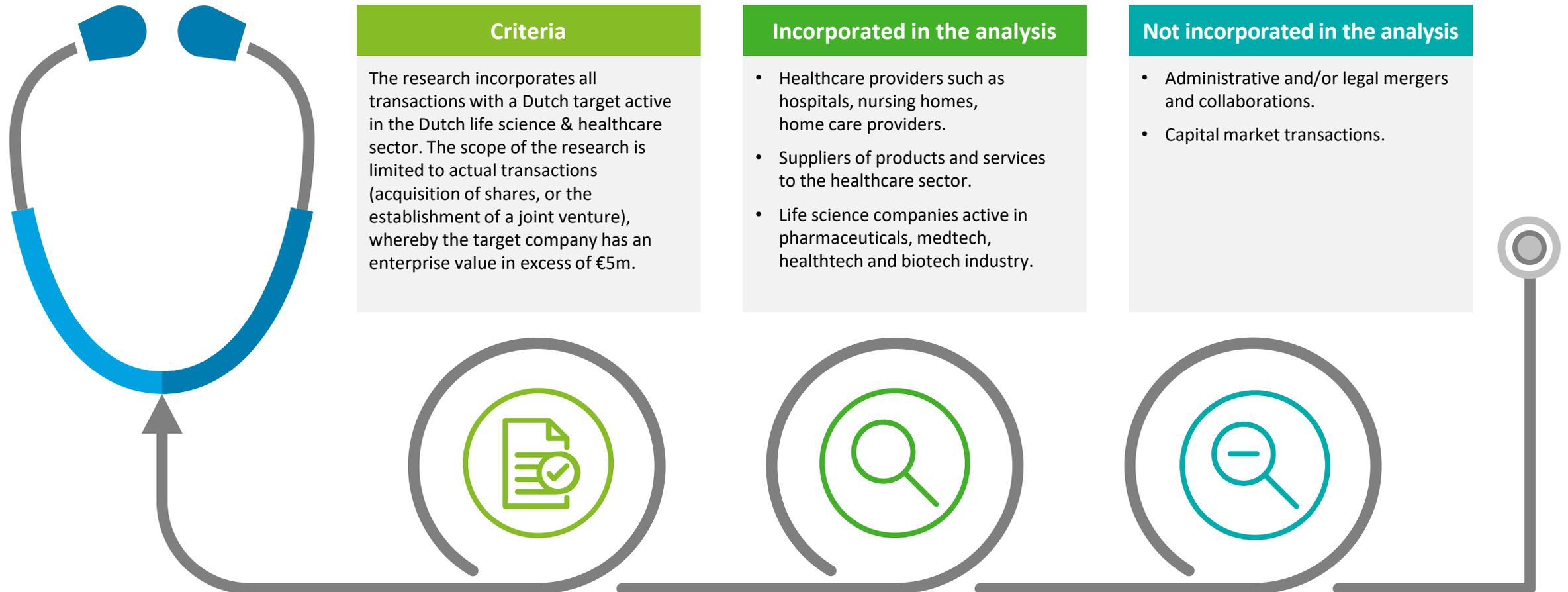


Life science & healthcare
M&A research 2022
Executive Summary

Amsterdam, March 2022

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

Record number of transactions: private equity accounts for 64% of total transaction volume



- The total number of transactions in life science & healthcare showed an increase in 2021 (116 in 2021 vs. 96 in 2020). This increase seems to be directly related to the recovery of the overall M&A market.
- The number of transactions involving true healthcare providers is, at 31% of the total volume, around the average of the past ten years.
- In the life science sector, the number of transactions decreased slightly in relative and absolute terms, with 22 transactions representing approximately 18% of the total number of transactions.



- The increase in total transactions occurred in almost all subsectors of healthcare except for life science. Especially the category other healthcare providers (20 in 2021 vs. 13 in 2020) and mental healthcare providers (8 in 2021 vs. 3 in 2020) show a large increase. Furthermore, the number of transactions in the subsector's hospitals/clinics (10 in 2021 vs. 7 in 2020), healthcare suppliers (20 in 2021 vs. 18 in 2020), nursery homes and home care providers (17 in 2021 vs. 15) and healthcare related service providers (19 in 2021 vs. 17 in 2020) increased. The number of transactions in the life science subsector, however, decreased (22 in 2021 vs. 23 in 2020).



- The share of transactions by investors (private equity, hereafter PE) has increased for the sixth year in a row. Investors as buyers, including transactions by portfolio companies, executed 74 transactions in 2021, which is an increase of 28% compared to the number of transactions in 2020. The number of transactions excluding PE also increased to 42 in 2021 from 38 in 2020. The increase in the number of PE related transactions seems to explain the increase in the total number of transactions for the most part. Amongst the deals involving healthcare providers, 14 transactions are PE related, which is a large increase with respect to the average of circa 4 to 5 deals for the past years.
- The number of platform investments (Tier 1) is similar to 2020 with 23 transactions. The number of add-on investments increased significantly to 51 in 2021 versus 34 in 2020.
- Especially several pan-European investors are actively engaged in the Dutch market. This includes Nordic Capital with six transactions through its platforms European Dental Group (oral care), Veonet/Ober Scharrer Gruppe (eye care) and Equipe (independent medical clinics). Furthermore, EQT did a total of four transactions including Viroclinics through platform investment Cerba and LSP, a leading VC investor in life science.



Main conclusions

The share of transactions by international buyers increased in 2021 to circa 40% of total transactions



- The number of foreign buyers strongly increased in 2021 compared to 2020. 47 out of 116 transactions were done by international buyers versus 35 in 2020. This includes both foreign strategic buyers as well as foreign investors. The number of foreign buyers in life science and the healthcare suppliers subsector has historically been high (combined 24 transactions in both 2021 and 2020). However, because of the presence of the international consolidation platforms, mostly owned by pan-European investors, the number of international transactions increased with 34%.



- The total value of M&A transactions in life science and healthcare is estimated at approximately €2,7bln in 2021. Several noteworthy transactions include:
 - Triton, a pan-European investor acquired Bergman Clinics , an international group of independent medical clinics.
 - Babilou Family, a French daycare group with activities in twelve countries acquired BLOS, one of the largest day-care providers in The Netherlands.
 - CJ Group, a South-Korean conglomerate acquired Batavia Biosciences, a Contract Development and Manufacturing Organization in the area of viral vaccines, virotherapy, protein and antibodies.
 - Onemed/Asker Healthcare Group acquired Medireva, a medical wholesaler specialised in the area of stomas, continence material, wound treatment material, medical foods and diabetes products, and Stöpler, a supplier of medical instruments, equipment and consumables.





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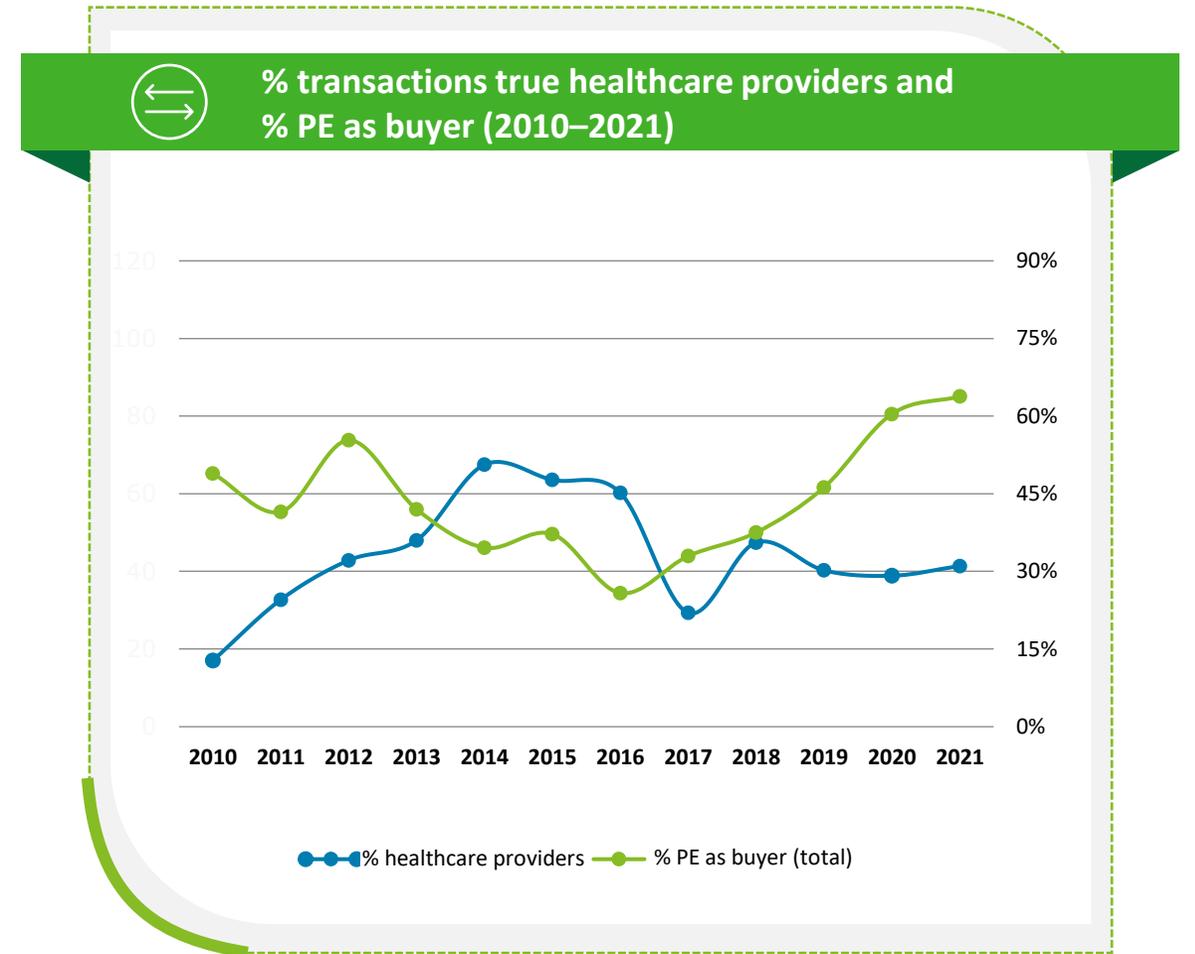
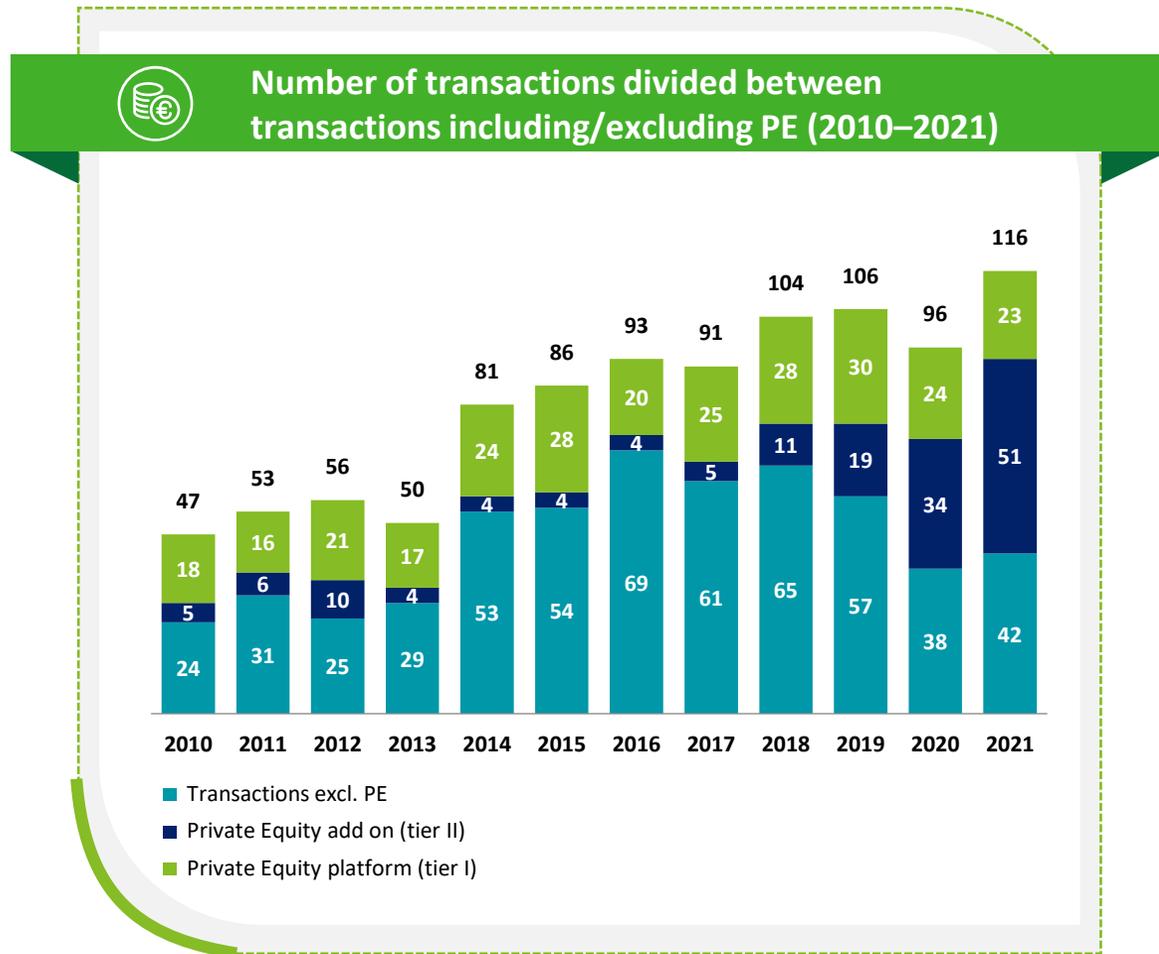
The role of private initiatives in the public domain is mainly to encourage innovation in healthcare. That's why we only invest in healthcare companies that improve the quality of care, are more efficient and effective than conventional parties, or are better for the patient and can demonstrate this.

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Elderd Land, Partner - Head Gimv the Netherlands

Transactions life science & healthcare

There were 116 mergers and acquisitions in the Dutch life science & healthcare sector in 2021: the number of transactions supported by investors is steadily increasing



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 health care and nursing and home care providers

Transactions life science & healthcare

The share of international transactions increased in 2021: only the number of transactions in life science decreased

Both the number of transactions in healthcare and the share of international transactions has increased. The number of transactions in life science decreased while all other sectors experienced growth.

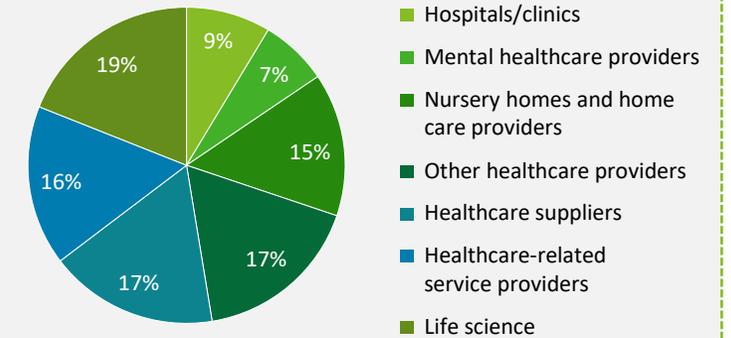
The life science suppliers accounted for 22 transactions and was thus the sector with the highest number of transactions. Both in relative and absolute terms the largest increase in number of transactions was among mental healthcare providers (8 in 2021 vs. 3 in 2020), followed by other healthcare suppliers (20 in 2021 vs. 13 in 2020). The growth of the last category is mainly driven by (further) consolidation of oral care and health- and safety service providers.



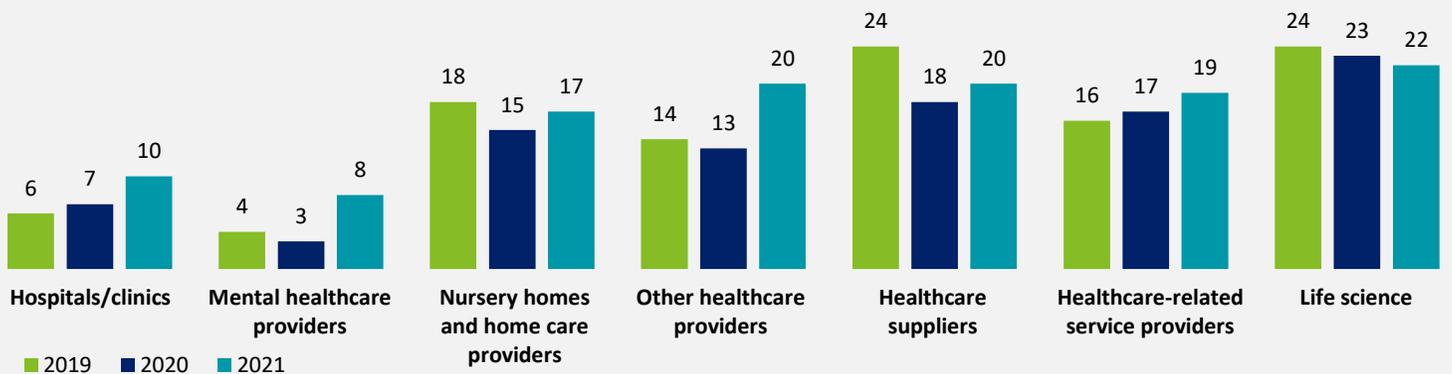
Number of transactions by international buyers



Transactions 2021 (in %)



Number of transactions per sector





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We see nice developments in medtech: innovation and entrepreneurship has been rewarded there with a number of successful exits, which contributes to a better investment climate.

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“

The segment of private healthcare providers is becoming more serious, which is why we are seeing more and more interest from (international) strategic parties and investors. Parties have also become more capable of assessing the risks of investing in healthcare.

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Hubert Verbeek, Managing Partner Holland Capital

Expectations 2022

In 2022, Deloitte expects the number of transactions to increase again and the number of transactions by investors to grow at an equal rate



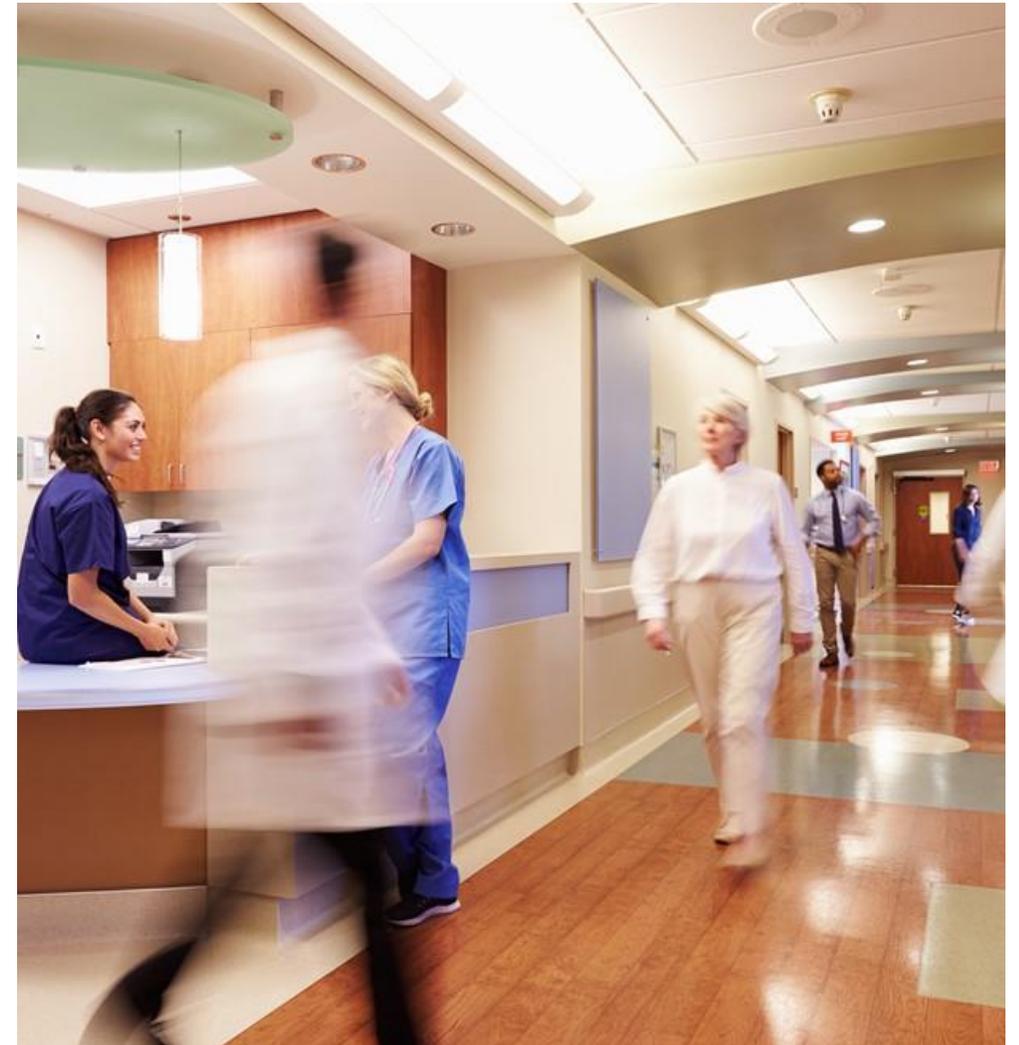
Investors

- The number of transactions by investors (PE) is again expected to grow the coming year. The level of funds available for investors to invest remains high. A growing number of investors focus / want to focus on the life science & healthcare sector triggered by the strong market foundation and the desire to diversify their investments. Investors who have been active in the healthcare sector for some time are also increasingly focusing on healthcare providers.
- The number of platform companies among investors has continued to grow over 2021, which will ensure increased transaction activity in the future. In addition, transaction activity will become increasingly international due to the increasing size of investors and their portfolio companies.
- Most of the transaction activity of investors will be seen in the category other healthcare providers, which will often involve chain formation among dentists, veterinarians and physiotherapists. Other segments to watch are healthcare-related service providers, healthcare suppliers and life science.



COVID-19 and scale-ups

- Due to COVID-19, digitisation in healthcare has had a significant boost which led to a permanent change in the market. Digital healthcare providers are expected to receive investments to scale up.
- We also expect continued transaction activity at companies in the life science sector that are engaged in the development of new therapies, techniques and medical devices, or which provide services to this sector. The Netherlands remains attractive for this innovative and knowledge-intensive sector. Especially Dutch scale-ups will receive capital from (strategic) investors to scale internationally.



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Dagmar is specialised in providing advise on M&A in the healthcare sector. She is a healthcare expert and has extensive experience in dealing with the relevant forms of financing in this sector. Dagmar has advised on many (international) transactions.

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We support our clients with pragmatism and integrity, and always look for the best option for our clients.

What Deloitte can offer you

- An experienced M&A team with a diverse set of skills and backgrounds.
- A comprehensive track record in transactions in the majority of life science and healthcare submarkets in The Netherlands, Europe and globally.
- Profound sector expertise, resulting in relevant knowledge and connections.
- A pragmatic approach, in which we work in close collaboration with you.
- A strong international M&A practice with local access to relevant buyers all over the world.



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