

The background image is a composite of two scenes. On the left, a person wearing a clear face mask and safety glasses is looking down at a document. On the right, a close-up of a microscope's eyepiece and objective lenses is visible. The entire image has a green color overlay.

Deloitte.

**Healthcare & Life sciences
M&A research 2020
Executive Summary**

Amsterdam, February 2021

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

Criteria

The research incorporates all transactions with a Dutch target active in the Dutch healthcare and life sciences sector. The scope of the research is limited to actual transactions (acquisition of shares, or the establishment of a joint venture), whereby the target company has an enterprise value in excess of €5m.

Incorporated in the analysis

- Healthcare providers such as hospitals, nursing homes, home care providers
- Suppliers of products and services to the healthcare sector
- Life sciences companies active in pharmaceuticals, medtech, healthtech and biotech industry

Not incorporated in the analysis

- Administrative and/or legal mergers and collaborations
- Capital market transactions

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



The total number of transactions in healthcare and life sciences showed only a minor decrease in 2020; the share of private equity in the transactions continues to rise

01

- The total number of transactions in healthcare and life sciences showed only a minor decrease in 2020 (96 in 2020 vs. 106 in 2019). This decrease appears to be directly related to COVID-19 and of temporary nature. Processes have been delayed due to COVID, and due to governmental support packages, there were hardly any restructuring transactions.
- The number of transactions in the core of the healthcare sector is, at 29% of the total volume, around the average of the past 10 years
- In the life sciences sector, the number of transactions slightly rose to approximately 24% of the total number of transactions

02

- The slight decrease in the total number of transactions does not take place within all subsectors of healthcare. Particularly in healthcare suppliers (18 in 2020 vs. 24 in 2019) and nursing and home care (15 in 2020 vs. 18 in 2019), but also in subsectors such as mental health and other healthcare providers (16 in 2020 vs. 18 in 2019) and life sciences (23 in 2020 vs. 24 in 2019) the number of transactions decreased compared to 2019. The number of transactions at hospitals / independent treatment centers (7 in 2020 vs. 6 in 2019) and services to healthcare providers (17 in 2020 vs. 16 in 2019) slightly increased, however.

03

- The share of transactions by investors (private equity or PE) has risen for the fifth year in a row. Investors as buyers, including transactions by portfolio companies, executed 58 transactions in 2020, which is an increase of 18% compared to the number of transactions in 2019. The number of transactions excluding PE decreased to 38 in 2020 from 59 in 2019. The number of transactions in this segment is thus lagging, which explains the overall decrease in 2020. In the core of the healthcare sector, 6 transactions were executed by PE in 2020.
- The number of transactions by investors:
- Increases in supply and services to healthcare providers. The number of transactions in healthcare providers (core of the healthcare sector) is stable with 28 transactions in 2020
- Continues to grow in life sciences with 14 transactions in 2020 vs. 11 transactions in 2019



The share of transactions by international buyers remains unchanged in 2020 with 36% of the total number of transactions

04

- The number of foreign buyers decreased slightly in 2020 compared to 2019 but remains unchanged in terms of share at 36% of the total number of transactions. 35 of 96 transactions in 2020 were executed by international buyers vs. 38 in 2019. This includes both international strategic buyers and foreign investors. The number of foreign buyers in the life sciences sector is relatively high compared to the healthcare sector. Foreign investors, in particular, are active in the life sciences sector. Additionally, several foreign, mainly French, parties are investing in Dutch residential care

05

- The total value of merger & acquisition transactions in healthcare is estimated to be approximately €2.2bln in 2020. A number of notable parties and transactions:
- Pan-European investor Apax acquires MentaalBeter, the largest private mental care provider in the Netherlands
- International laboratory service provider Unilabs acquires Saltro, GHDC thrombosis and SHO
- Mediq acquires Eurocept Homecare and the Da Vinci clinic, respectively a provider of specialist medical care at the patients' home and an expertise center for complex wound care
- A consortium of international investors acquires Sanquin Plasma Products and Plasma Industries Belgium, producers and CDMO's of plasma-derived medicines

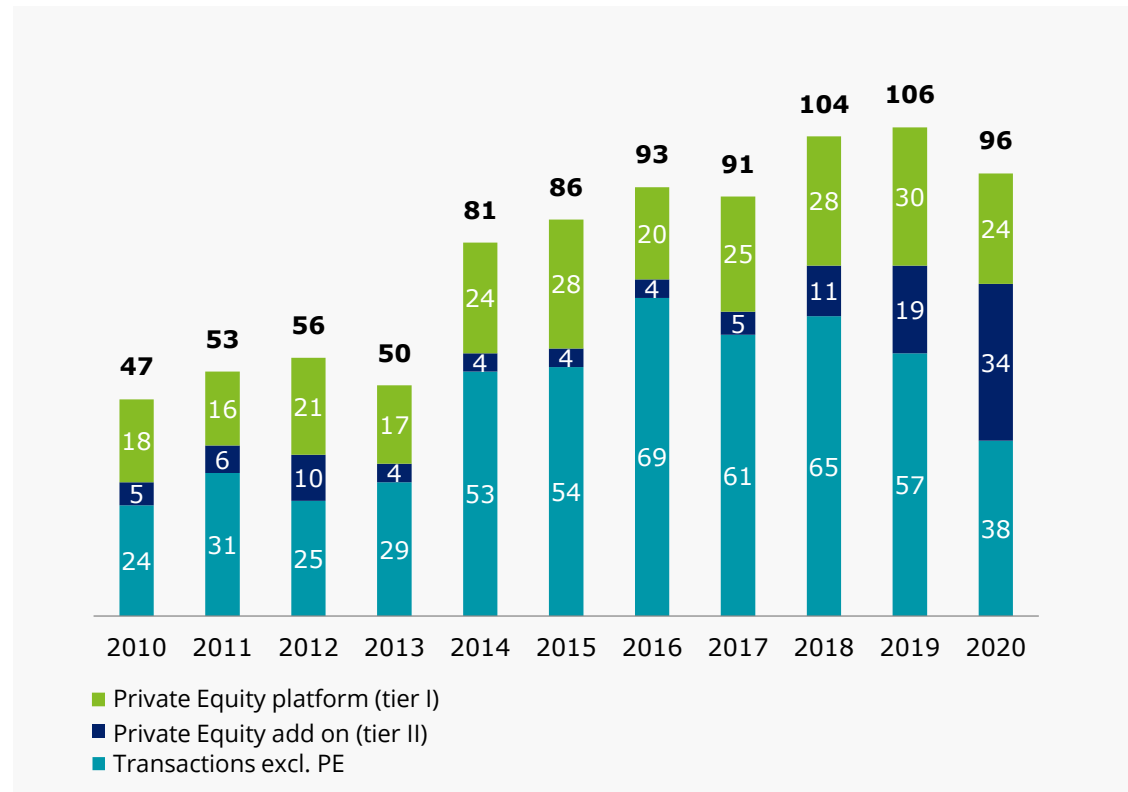
// What you observe at the stock market, you also see at PE. At the start of the pandemic, we saw a slowdown in deals. After the summer, deal activity is back on track with higher valuations //

// Healthcare is primarily organized at a national level. Internationalization of healthcare can bring a number of advantages, such as purchase advantages as well as spreading the risk in relation to local market developments //

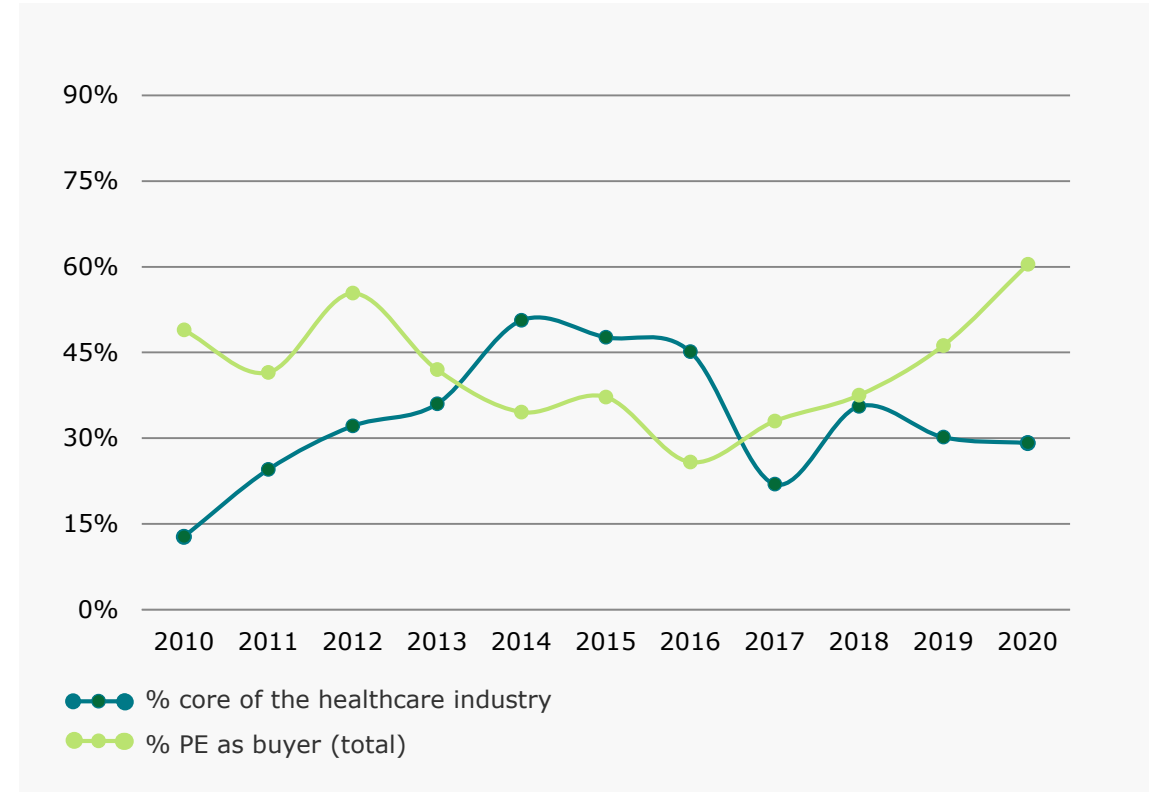
Hugo de Bruin, Partner Gilde Healthcare

There were 96 mergers and acquisitions in the Dutch healthcare & life sciences sector in 2020; the number of transactions supported by investors is steadily increasing

Number of transactions divided between transactions including/excluding PE (2010 - 2020)



% transactions in healthcare providers and % PE as buyer (2010 - 2020)

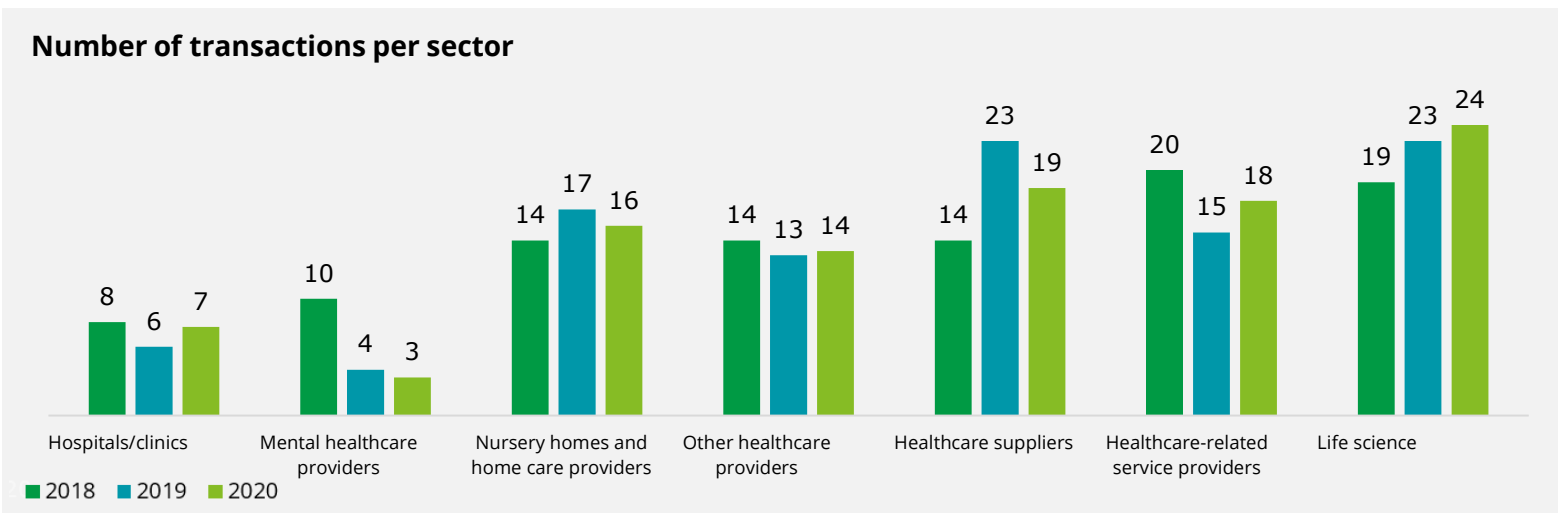
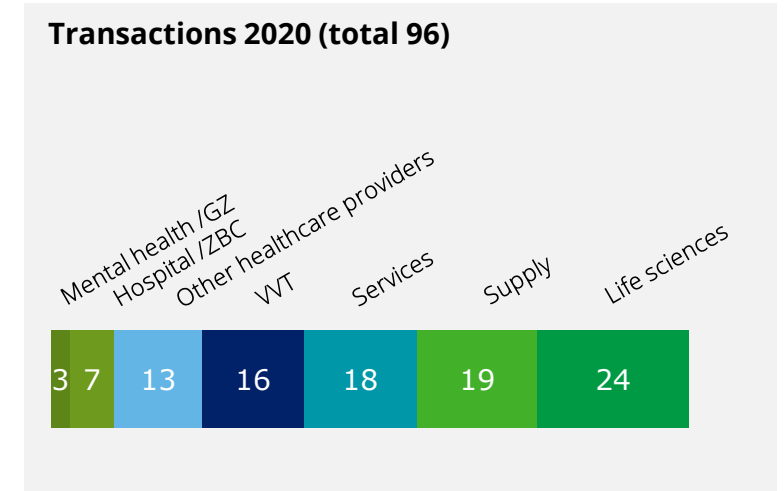
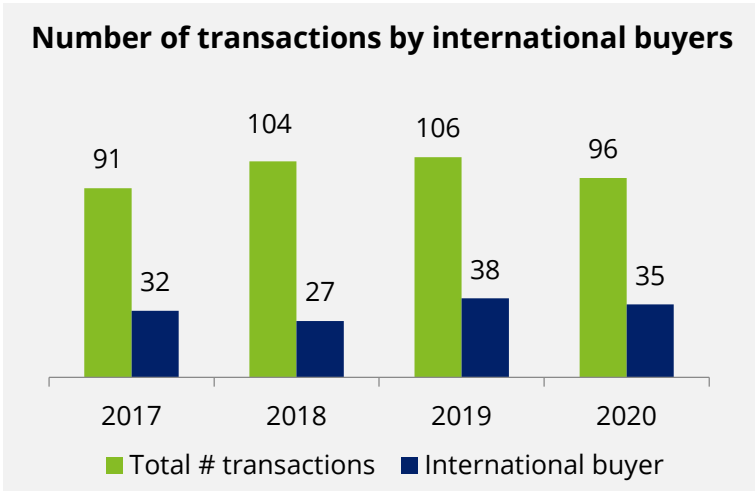



Note: Private Equity as a buyer (Tier I) is a new (platform) investment by an investor. Tier II concerns transactions that are made from an existing investment of an investor, so-called add-on investments. Transactions in the core of healthcare concern transactions from healthcare providers, such as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

The share of international transactions remains unchanged in 2020; in particular, the number of transactions from suppliers to healthcare has decreased

While the number of transactions in healthcare and life sciences has slightly decreased, the share of international transactions remained unchanged. The number of transactions by healthcare providers decreased together with the suppliers to healthcare providers. The remaining sectors have remained stable on average.

The life sciences sector accounted for 23 transactions and was thus the sector with the highest number of transactions. Within the life sciences sector, the number of transactions of Biotech companies is the largest (17 of the 23 transactions) and experienced also the highest increase (17 in 2020 vs. 12 in 2019).





// We invest in a number of buy-and-build platforms in the healthcare sector for which increasing efficiency is a key driver. Consolidation from these platforms continued over the last year despite COVID-19. We do see that, because of COVID-19, banks are generally more strict when it comes to financing and try to reduce their exposure //

Raymond Kuijten, Partner Capital A Investment Partners

In 2021, 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 also in the coming year expected to grow. The level of funds available for investors to invest remains high. A growing number of investors focus / want to focus on the healthcare and life sciences sector triggered by the strong market foundation and from a diversification perspective. We mainly see growth in the supply and services (e.g., healthcare IT) to healthcare and life sciences
- The number of platform companies held by investors has continued to grow, which will result in increased transaction activity. Investors generally pursue, in addition to organic growth, acquisition growth with these investments. These platforms are mainly active in supply, services and other healthcare providers, such as oral care and physiotherapy

COVID-19, digitization and innovation

- Due to COVID-19, digitization in healthcare has had a significant boost which led to permanent change in the market. Digital healthcare providers are expected to receive investments to scale up. Additionally, it is expected that there will be a catch-up effect in 2021 because several projects in 2020 are delayed by COVID-19 and restructuring transactions will come due to financial necessity caused by a drop in demand as a result of COVID-19
- We also expect continued transaction activity at companies in the life sciences 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

Internationalization

- Foreign buyers will remain responsible for approximately 35% of the total transaction volume. The number of transactions by foreign buyers will be higher in the life sciences sector in comparison with the healthcare sector, because this market is very internationally oriented
- The initiated expansion in the Dutch market in residential care for seniors by various French providers is expected to continue and expand to related markets in 2021


Corporate Finance – Healthcare & life sciences team




Dagmar Enklaar

Managing Partner Financial Advisory | Partner Corporate Finance

Dagmar is specialised in providing advise on mergers and acquisitions 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.

 +31 882886614


 denklaar@deloitte.nl



Matthijs van Thiel de Vries

Director Corporate Finance

Matthijs has over 11 years of M&A experience and specialises in mergers & acquisitions in the healthcare and life sciences sector. He has extensive experience in advising (international) sell side assignments in service of entrepreneurs, family-owned businesses, multinationals and private equity.

 +31 882886159

 mvanthieldevries@deloitte.nl

Deloitte Corporate Finance's Healthcare sector team is the largest corporate finance advisor in the Dutch healthcare & life sciences market.

We are a specialist with unparalleled sector knowledge. As undisputed market leader, we possess valuable experience and have realized the highest number of transactions in the Dutch healthcare market. Combined with our closely-knit network, this gives us a unique ability to support our clients in realizing their ambitions in the healthcare and life sciences sector.

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 healthcare and life sciences 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



Deloitte. We accept no liability to any party who is shown or gains access to this discussion document.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.nl/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at www.deloitte.nl.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.