

Life Sciences & Health Care
Quarterly Update

Q1 2023



Deloitte Corporate Finance’s Life Sciences & Health Care Practice

Deloitte Corporate Finance LLC (DCF) is a leading, global middle-market M&A adviser. Our professionals have extensive knowledge in the life sciences and health care spaces and use their experience to help clients enhance value.



Life Sciences & Health Care Leadership



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Firm Overview

#1 2022 Global M&A
Advisor by deals
completed.⁽¹⁾

704 Completed deals
in 2022.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2022 according to Mergermarket.⁽¹⁾



Sector Focus

- Health care services
- Health care technology
- Life sciences & pharma services
- Medical devices & supplies
- Payors & payor services

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Case studies

Rural Health Alliance



has been acquired by



a portfolio company of



The undersigned acted as exclusive financial advisor to Rural Health Alliance, LLC



Deloitte Corporate Finance LLC

Client Overview

- Rural Health Alliance, LLC is an operator of 15 rural walk-in clinics providing primary care and integrated ancillary services, such as behavioral health and pediatric care, in Western and Middle Tennessee.

“Deloitte Corporate Finance delivered high touch advisory services at every stage of the sale process. Their experience working with health care services businesses, particularly in the primary care space; deep private equity relationships; and premier execution capabilities enabled Rural Health Alliance to secure a fantastic valuation and overcome the unique challenges presented during the global COVID-19 pandemic.”

- Ruste Via, President and CEO

Workplace Options



has received an investment from



The undersigned acted as exclusive financial advisor to Workplace Options, LLC



Deloitte Corporate Finance LLC

Client Overview

- Workplace Options, LLC is a corporate wellness solutions and supplemental health benefits provider offering behavioral health, as well as practical and physical wellbeing support, to employees and their families across the globe.

“Deloitte Corporate Finance’s guidance and industry experience allowed Workplace Options to accomplish its financial and operational objectives. The detailed process included in-depth due diligence and extensive pre-market analysis on several strategic alternatives. These options were presented with great clarity by the Deloitte team. Additionally, by running a highly disciplined and structured marketing process, DCF effectively maintained stiff competition, which enabled us to negotiate transaction terms that exceeded our expectations.”

- Alan King, President and CEO

NetCE



has been acquired by



a portfolio company of



The undersigned acted as exclusive financial advisor to CE Resource, Inc. d.b.a NetCE



Deloitte Corporate Finance LLC

Client Overview

- CE Resource, Inc. is one of the leading providers of continuing education to health care practitioners in the United States.

“Deloitte Corporate Finance’s knowledge of the education and training space was evident from day one. Their team drove an efficient and competitive process offering invaluable strategic guidance every step of the way, ultimately providing our team with numerous actionable offers at attractive valuations.”

- Lisa Patterson, CEO

Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

Deloitte thought leadership

Deloitte thought leadership

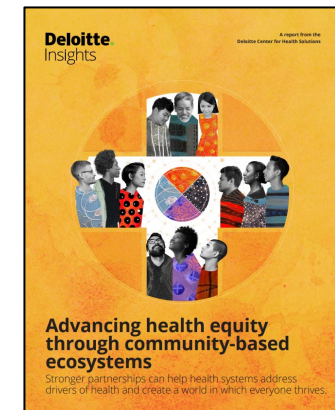
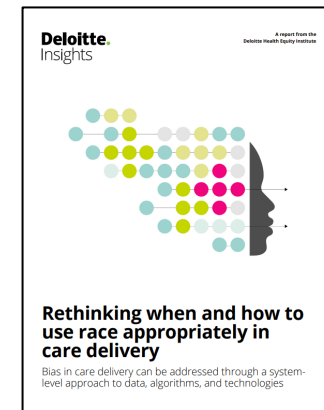
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends helps enable Deloitte to demonstrate eminence in the life sciences and health care market by redefining the lens through which industry leaders operate.

Extensive knowledge network

- DCF leverages its expansive, cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Recent insights



Health care services

Sector Trends ⁽¹⁾

Health care service providers continue to experience margin contraction due to inflationary pressures, staffing shortages, and supply chain disruptions. This is driving hospital systems to diversify service offerings by acquiring ambulatory sites, digital health platforms, primary care clinics, and post-acute care clinics. Many service providers are also pursuing strategic partnerships with innovators in the space to enter new geographic regions and expand the providers' patient base.

Select Recent M&A Activity ⁽²⁾

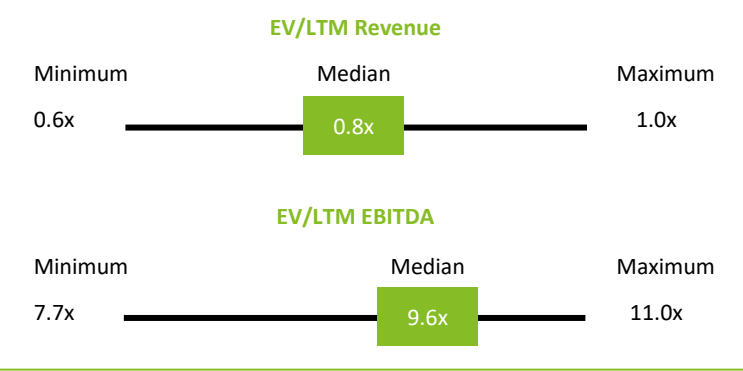
Close Date	Target	Acquiror	Implied EV (\$M)
Feb 2023	LHC Group	Optum	\$6,153.6
Feb 2023	One Medical	Amazon	\$4,008.1
Feb 2023	Springstone	LifePoint Health	\$250.0
Jan 2023	Summit Medical Group	VillageMD	\$8,900.0
Jan 2023	Greenbrier Valley Medical Center	Charleston Area Medical Center	\$85.1



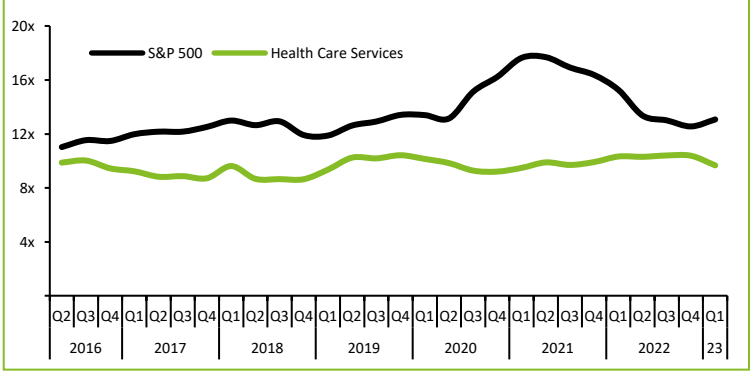
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
DaVita Inc.	\$20,604.1
Quest Diagnostics Inc.	\$20,437.7
Oak Street Health, Inc.	\$10,417.6
Option Care Health, Inc.	\$6,557.3
Amedisys, Inc.	\$3,191.0
Cano Health.	\$1,762.7

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



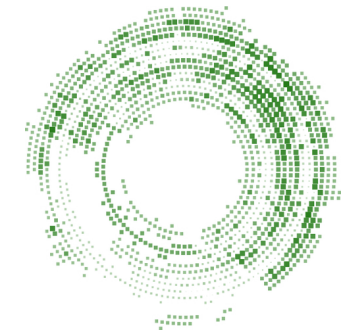
Health care technology

Sector Trends ⁽¹⁾

Data and advanced analytics continue to drive innovation in population health management, revenue cycle management, and patient engagement. Many providers also continue to invest in operational capabilities and technology infrastructure to position their organizations for a shift toward value-based care. These trends are driven by patients who are playing a more active role in managing their health through new digital tools including wellness apps, fitness trackers, other wearables, and remote monitoring devices.

Select Recent M&A Activity⁽²⁾

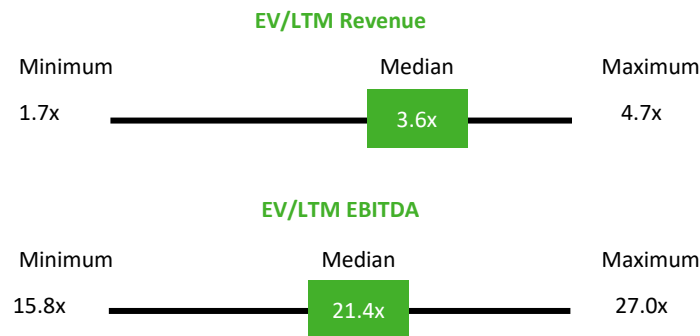
Close Date	Target	Acquiror	Implied EV (\$M)
Mar 2023	GiftHealth.	Eir Partners	\$40.0
Mar 2023	Signify Health	CVS Health	\$8,000.0
Mar 2023	DoseMe	Fairlong Capital	N/A
Feb 2023	MphRx	Agilon Health	\$45.0
Jan 2023	BurnAlong	Stone Point Capital	N/A



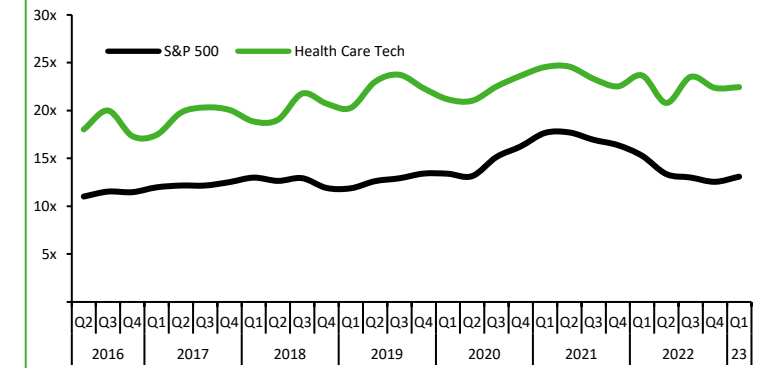
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Veeva Systems, Inc.	\$25,554.1
MultiPlan Corporation	\$5,151.4
Teladoc Health, Inc.	\$4,874.8
Omniceil, Inc.	\$2,977.0
Health Catalyst, Inc.	\$603.8
American Well Corporation	\$70.9

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Life sciences and pharma services

Sector Trends ⁽¹⁾

Macroeconomic headwinds and shorter patent timeframes are placing greater pressure on pharmaceutical companies to innovate and remain competitive. These challenges are exacerbated by the Inflation Reduction Act, which continues to lower drug prices and profit margins. In response, pharmaceutical companies are focused on improving operational efficiencies, diversifying products and revenue streams, and increasing strategic acquisitions to gain scale.

Select Recent M&A Activity ⁽²⁾

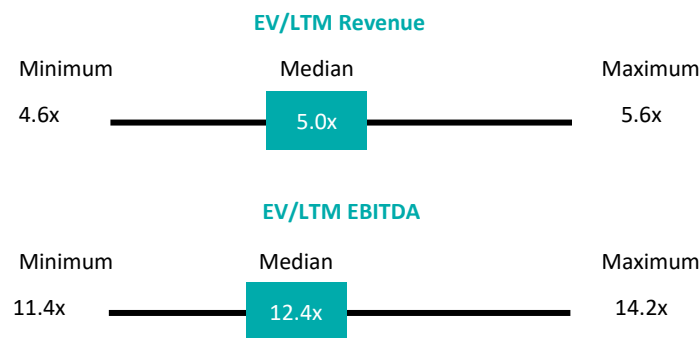
Close Date	Target	Acquiror	Implied EV (\$M)
Mar 2023	Myovant Sciences Ltd.	Sumitovant Biopharma Ltd.	\$1,347.7
Mar 2023	Concert Pharmaceuticals, Inc.	Sun Pharmaceutical Industries Limited	\$842.7
Feb 2023	CinCor Pharma, Inc.	AstraZeneca, PLC	\$1,657.4
Jan 2023	The Binding Site Group, Ltd.	Thermo Fisher Scientific Inc.	\$2,586.5
Jan 2023	PharmaLex Holding GmbH	AmerisourceBergen Corporation	\$1,296.7



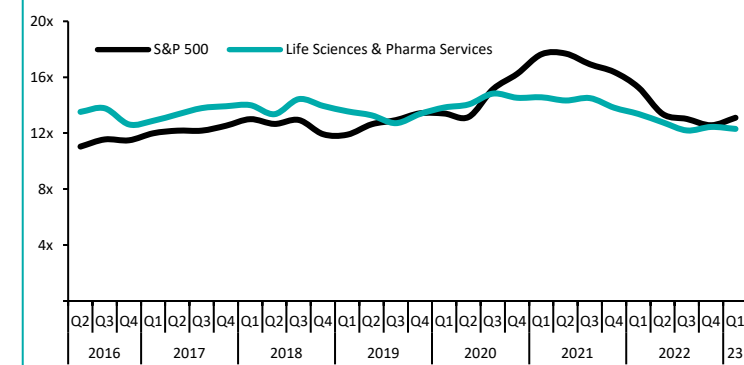
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
AbbVie Inc.	\$341.8
Merck & Co., Inc.	\$307.5
Thermo Fisher Scientific Inc.	\$251.3
Pfizer Inc.	\$250.4
Amgen Inc.	\$163.6
IQVIA Holdings Inc.	\$48.8

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



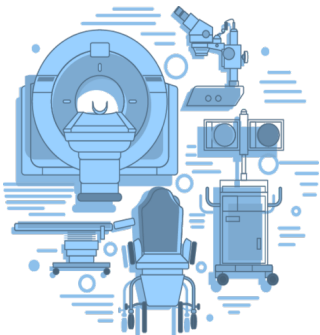
Medical devices and supplies

Sector Trends ⁽¹⁾

After the rise in virtual health utilization during the pandemic, patients are now accustomed to telehealth services that increase convenience. The growth in digital health wearables and remote monitoring devices has enabled patients and providers to track health metrics and improve outcomes. Patients are now in greater control of managing their health through a rise in personalized medicine and technological innovation. The market for implantable and prosthetic devices continues to expand, leading to increased competition. Companies have diversified marketing strategies to target both patients and providers to maximize market share.

Select Recent M&A Activity ⁽²⁾

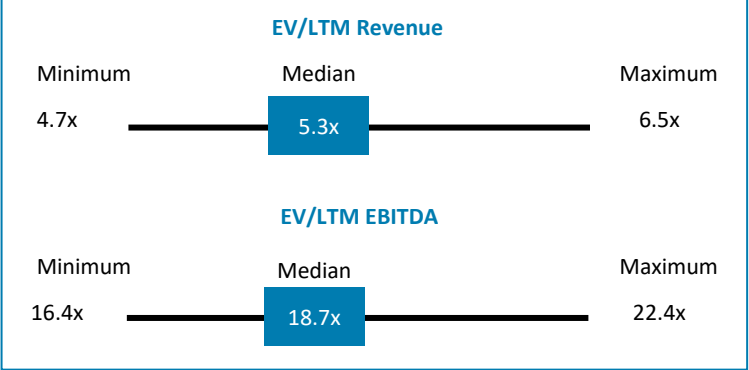
Close Date	Target	Acquiror	Implied EV (\$M)
Mar 2023	Immucor, Inc.	Werfen, S.A.	\$2,000.0
Feb 2023	Embody, Inc.	Zimmer Biomet Holdings, Inc.	\$280.9
Jan 2023	AcuFocus, Inc.	Bausch + Lomb Corporation	\$35.0
Jan 2023	SeaSpine Holdings Corporation	Orthofix Medical Inc.	\$328.3
Jan 2023	MGC Diagnostics Corporation	CAIRE, Inc.	\$170.2



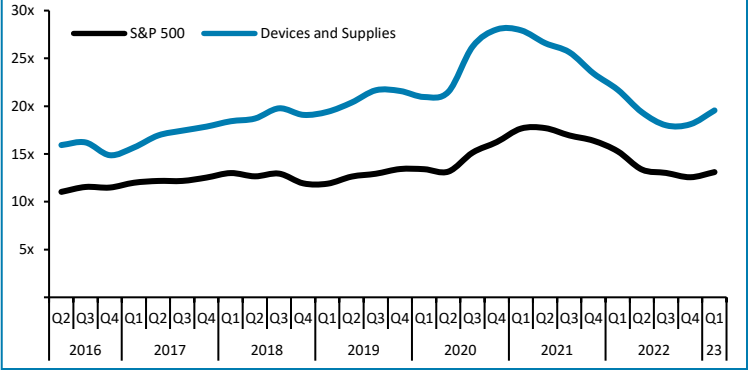
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
Johnson & Johnson	\$445.9
Abbott Laboratories	\$186.2
Medtronic plc	\$124.6
Stryker Corporation	\$121.5
Becton, Dickinson and Company	\$87.9
Baxter International Inc.	\$37.1

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



Payors and payor services

Sector Trends ⁽¹⁾

Inflationary concerns are pushing payors to invest in innovative cost-containment solutions that leverage machine learning and artificial intelligence to analyze data and improve operational efficiencies. Employers continue to pursue ways to contain employee healthcare benefit costs while improving health outcomes, leading to the adoption of value-based care plans.

Select Recent M&A Activity⁽²⁾

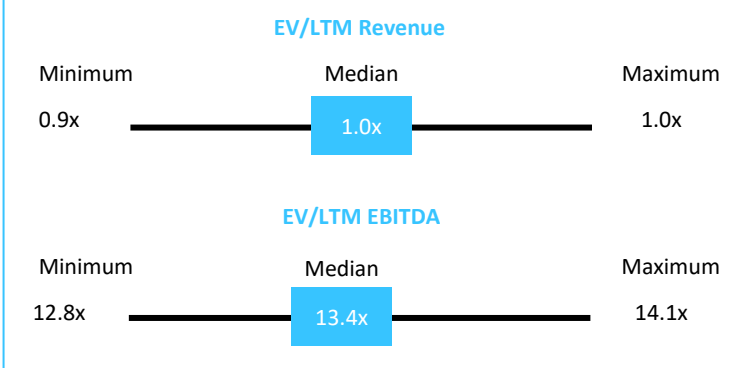
Close Date	Target	Acquiror	Implied EV (\$M)
Mar 2023	Signify Health	CVS Health	\$8,000.0
Mar 2023	Robins Landing	Pennant Group	N/A
Jan 2023	Welvie	OMERS Private Equity	N/A
Jan 2023	Corporate Health Solutions	Archetype Growth	N/A
Jan 2023	Magellan Health	Evolent Health	\$800.0



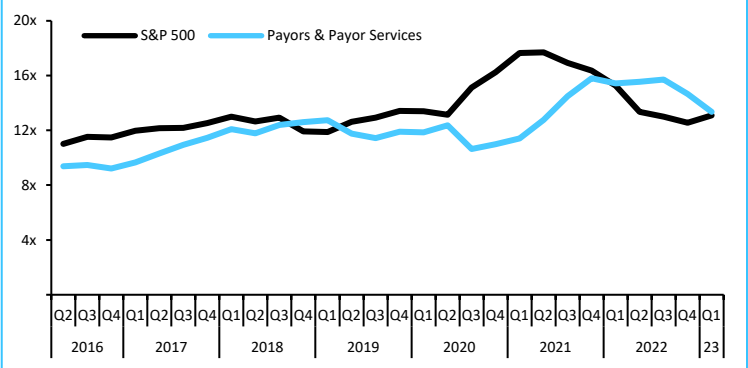
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
UnitedHealth Group, Inc.	\$510,897.6
Elevance Health, Inc.	\$132,692.4
The Cigna Group	\$102,669.1
Humana Inc.	\$72,495.6
Centene Corporation	\$46,925.2
Molina Healthcare, Inc.	\$15,683.6

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Appendix

Citations

Page 1:

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 - a. [S&P Capital IQ](#). Accessed April 17, 2023. Data as of April 17, 2023.
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4. Expanded public comparables set in Q1, 2023.
 - a. [S&P Capital IQ](#). Accessed April 17, 2023. Data as of April 17, 2023.



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