

Life Sciences & Health Care Quarterly Update

Q2 2024



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



Simon Gisby
Managing Director
New York, NY
sgisby@deloitte.com



Eric Steinberg
Senior Vice President
Charlotte, NC
esteinberg@deloitte.com



AJ Silverman
Senior Associate
Charlotte, NC
ajsilverman@deloitte.com



Firm Overview

#2 2023 Global M&A
Adviser by deals
completed.⁽¹⁾

542 Completed deals
in 2023.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has access to **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 2023 according to Mergermarket.⁽¹⁾



Sector Focus

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

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Deloitte thought leadership

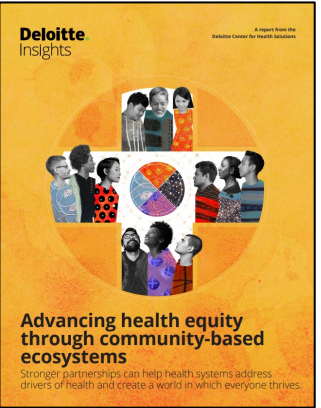
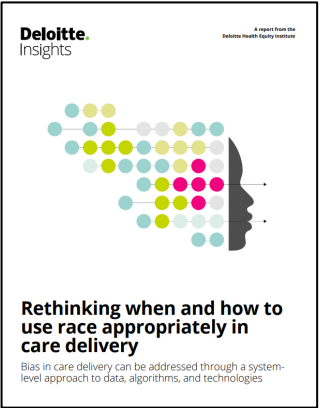
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends enables Deloitte 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 help drive results and provide differentiated insights for our clients.



Recent insights



Health Care Services

Sector Trends ⁽¹⁾

The continued high cost of labor and supplies, coupled with a growing number of high-acuity patients, is causing financial stress for hospitals. Even though hospital visits are increasing, long-term financial stability remains as a risk. The advent of AI-powered clinics-in-a-box, with features like biometric body scans and virtual doctor consultations, is set to revolutionize health care delivery in the long-term. Generative AI solutions are being utilized to manage administrative tasks such as revenue cycle management, a trend that will continue through the remainder of 2024.

Select Recent M&A Activity⁽²⁾

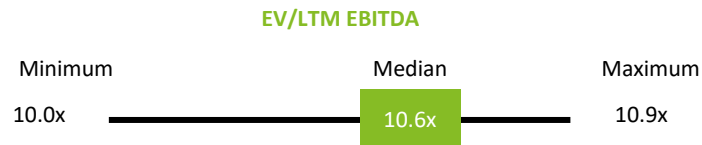
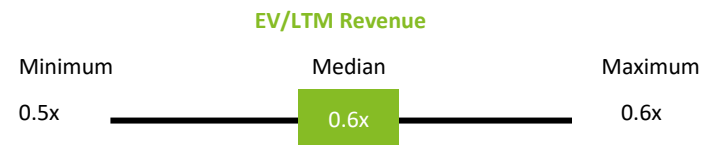
Close Date	Target	Acquiror	Implied EV (\$M)
April 2024	All hospice operations and an assisted living facility of Covenant Health and Community Services Inc.	VITAS Healthcare Corporation	\$85.00
June 2024	Stayton At Museum Way	Buckner Westminster Place	\$81.00
April 2024	Sientra (Breast Reconstruction and Augmentation Business)	Tiger BioSciences	\$42.50
June 2024	Archway Traditional Care Center	Bibb County Holdings II	\$6.75
April 2024	Mindbalanced	nDatalyze	\$2.76



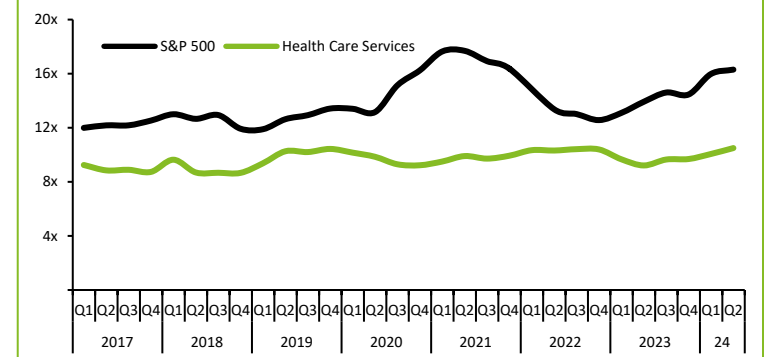
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
DaVita Inc.	\$24,466.11
Quest Diagnostics, Inc.	\$20,198.22
Acadia Healthcare, Inc.	\$8,109.59
Option Care Health, Inc.	\$6,641.69
Amedisys, Inc.	\$3,424.68
Cano Health.	\$1,063.70

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Health Care Technology

Sector Trends ⁽¹⁾

The health care IT sector is experiencing heightened interest due to evolving advancements in technology. AI's use in healthcare is expected to grow 37.5% annually through 2030 and exceed \$200 billion in value. Data platforms, key to Value-Based Care (VBC) success, are anticipated to gain traction, especially those that validate and enhance data quality and integrity.

Select Recent M&A Activity ⁽²⁾

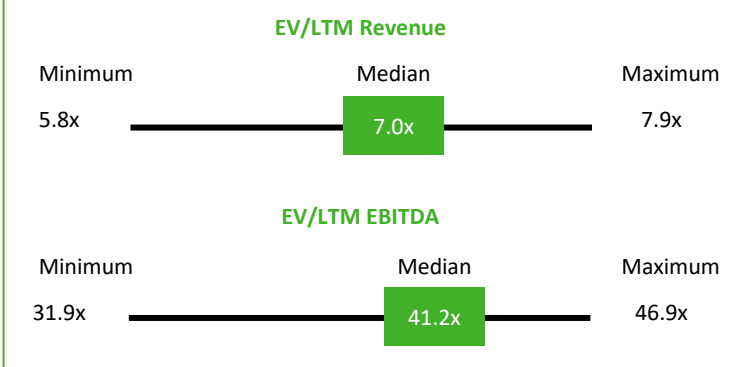
Close Date	Target	Acquiror	Implied EV (\$M)
May 2024	ShockWave Medical	Johnson & Johnson (NYSE: JNJ)	\$12,070.77
June 2024	Model N, Inc.	Vista Equity Partners Management, LLC	\$1,160.53
April 2024	MIM Software, Inc.	GE HealthCare Technologies, Inc. (NasdaqGS: GEHC)	\$293.00
April 2024	Inviso, LLC	Calyx Services, Inc.	\$115.00
June 2024	Pro-Ficiency Holdings, Inc.	Simulations Plus, Inc.	\$100.00



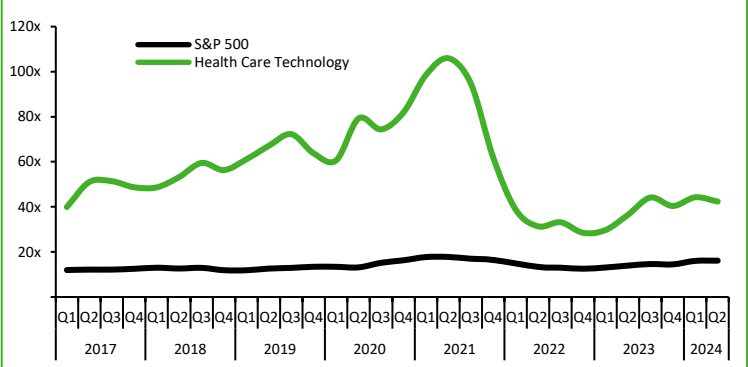
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
Veeva Systems, Inc.	\$28,118.13
MultiPlan Corporation	\$5,028.30
Teladoc Health, Inc.	\$2,990.89
Omniceil, Inc.	\$1,476.36
Health Catalyst, Inc.	\$370.31
American Well Corporation	-\$109.79

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



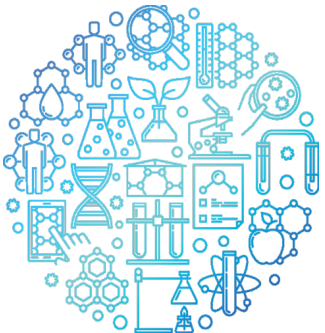
Life Sciences and Pharma Services

Sector Trends ⁽¹⁾

Amidst capital markets uncertainties, life sciences companies are working to ensure they are ready for IPOs and M&A transactions once market challenges abate. Innovative entry methods like reverse mergers are being explored in the interim due to challenging conditions, but the SEC has intensified regulatory scrutiny on unconventional public entry methods, adding compliance requirements. Despite uncertainties, industry analysts are cautiously optimistic about 2024 with expected sustained M&A activity and potential IPO resurgence in the latter half of the year.

Select Recent M&A Activity ⁽²⁾

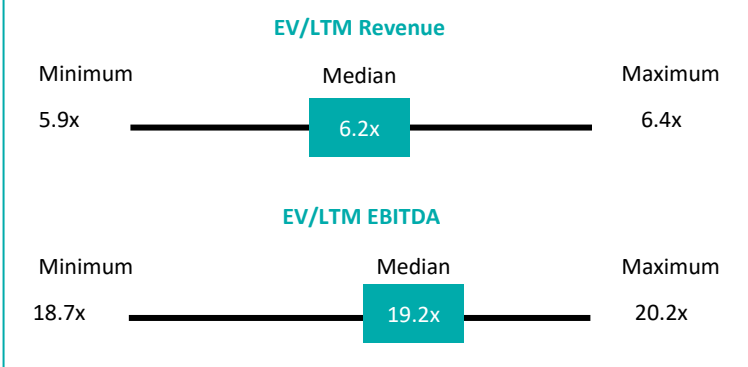
Close Date	Target	Acquiror	Implied EV (\$M)
April 2024	Vertex Pharmaceuticals	Alpine Immune Sciences	\$4,594.34
June 2024	Deciphera Pharmaceuticals	ONO Pharmaceutical	\$2,127.47
June 2024	SeqLL, Inc.	Atlantic International Corp.	\$184.94
May 2024	Landos Biopharma, Inc.	AbbVie, Inc.	\$183.50
April 2024	Societal CDMO, Inc.	CoreRx, Inc.	\$165.69



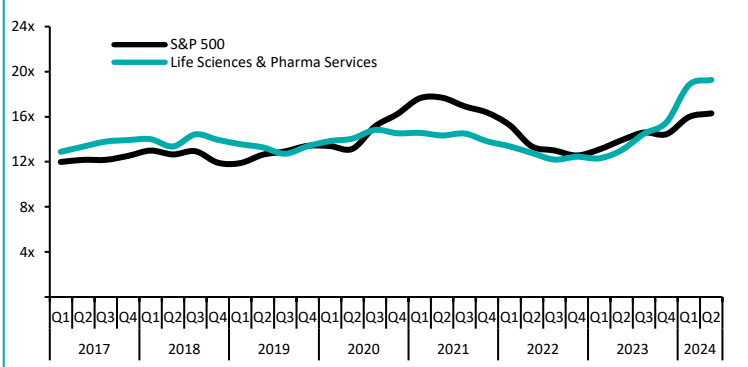
Select Public Comparables ⁽³⁾

Company Name	Enterprise Value (\$M)
AbbVie Inc.	\$369,040.82
Merck & Co., Inc.	\$362,065.01
Thermo Fisher Scientific Inc.	\$239,554.13
Amgen Inc.	\$206,041.46
Pfizer Inc.	\$215,564.52
IQVIA Holdings Inc.	\$50,689.37

Sector Trading Metrics ⁽⁴⁾



Historical EV/EBITDA Multiples ⁽⁴⁾



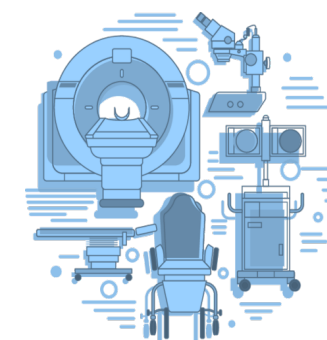
Medical Devices and Supplies

Sector Trends ⁽¹⁾

The medical device industry is increasingly focused on incorporating data to support evidence-based approaches that address the needs of diverse user populations. For example, remote care enhances medical services with and helps enable patients to administer medications or monitor their conditions at home, minimizing the need for hospital equipment. Digital therapeutic devices are set to grow by 29.8% annually in the U.S. through 2025, driven by increased demand for at-home diagnostics and self-testing.

Select Recent M&A Activity⁽²⁾

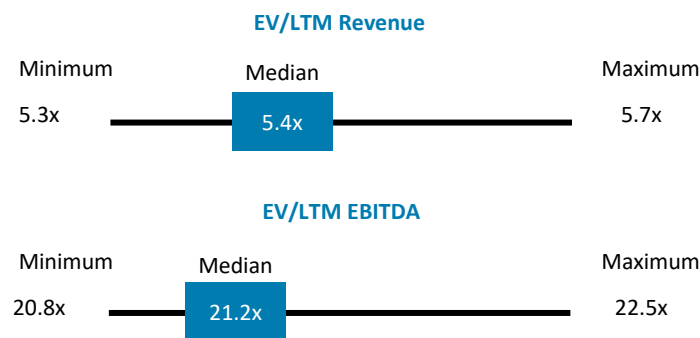
Close Date	Target	Acquiror	Implied EV (\$M)
May 2024	Hu-Friedy Mfg. Co., LLC	Peak Rock Capital, LLC	\$787.50
April 2024	Acclarent	Integra Lifesciences	\$280.00
April 2024	ARTMS, Inc.	Telix Pharmaceuticals Limited (ASX:TLX)	\$57.50
May 2024	Business assets of Eugia US Manufacturing, LLC	Empower Clinic Services New Jersey, LLC	\$52.00
April 2024	Certain Assets of Sientra, Inc.	Tiger Aesthetics Medical, LLC	\$42.50



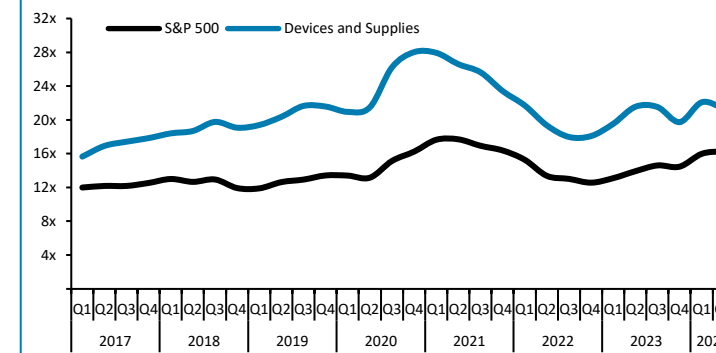
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Johnson & Johnson	\$359,174.23
Abbott Laboratoires	\$188,933.34
Medtronic plc	\$123,609.48
Stryker Corporation	\$146,100.74
Becton, Dickinson and Company	\$86,416.86
Baxter International Inc.	\$33,005.49

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Payors and Payor Services

Sector Trends ⁽¹⁾

Payers are grappling with rising costs from expensive therapies and labor shortages, potentially increasing employer insurance rates by 9% by 2024. AI and digital technologies offer potential cost reductions, though data privacy and governance are challenges. To address these financial pressures, many payers are enhancing vertical integration by investing in pharmacies, providers, and alternative care sites to maximize benefits through better utilization and integration by plan members.

Select Recent M&A Activity⁽²⁾

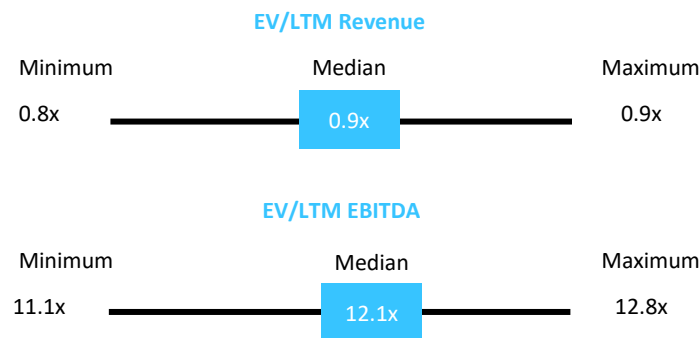
Close Date	Target	Acquiror	Implied EV (\$M)
June 2024	Fisher Brown Bottrell Insurance	Marsh McLennan Agency	\$345.00
May 2024	Quintessence Business Solutions & Services	Firstsource Solutions	\$39.25
April 2024	Vidal Healthcare Services Private Limited	Bajaj Finserv Health Limited	\$38.96
June 2024	iCG Pay	CSG International	\$17.00
May 2024	Medicare Group USA	SG Benefit Providers	\$5.00



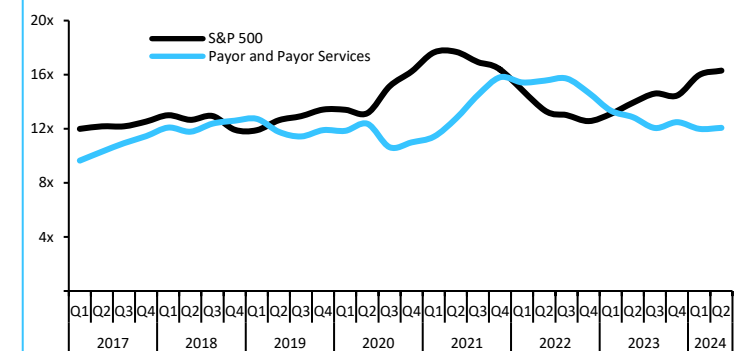
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
UnitedHealth Group, Inc.	\$519,872.30
Elevance Health, Inc.	\$146,264.95
The Cigna Group	\$132,938.90
Humana, Inc.	\$48,814.66
Centene Corporation	\$41,320.41
Molina Healthcare, Inc.	\$17,345.98

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



Appendix

Citations

Page 1:

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Page 4:

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 - a. [S&P Capital IQ](#). Accessed July 16, 2023. Data as of July 16, 2024.

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 - a. [S&P Capital IQ](#). Accessed July 16, 2024. Data as of July 16, 2024.



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