

Life Sciences & Health Care
Quarterly Update

Q4 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



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
Advisor 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.



Sector Focus

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

(1) Refer to slide 9 for Appendix.

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Deloitte thought leadership

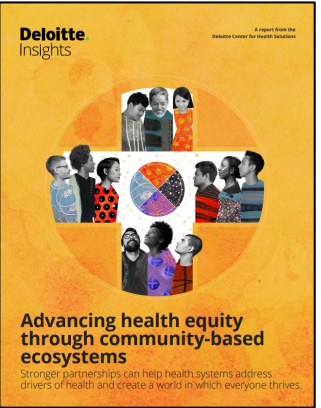
- Deloitte stays abreast of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on industry drivers and trends enables Deloitte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

With patients resuming more normal patterns of care following the pandemic, hospitals are witnessing positive margin stabilization. Though financial situations among hospitals are continuing to improve, median operating margins are still considerably below pre-pandemic levels. This discrepancy between median operating margins pre-and-post-pandemic are due to the continued shift toward outpatient settings. Patients are continuing to pursue lower-cost care sites that pureplay hospital-based care models struggle to replicate. However, many health systems are taking steps toward expanding outpatient and ambulatory care services, focusing on favorable geographies with attractive demographics, commercial payers, and strong population growth.

Select Recent M&A Activity⁽²⁾

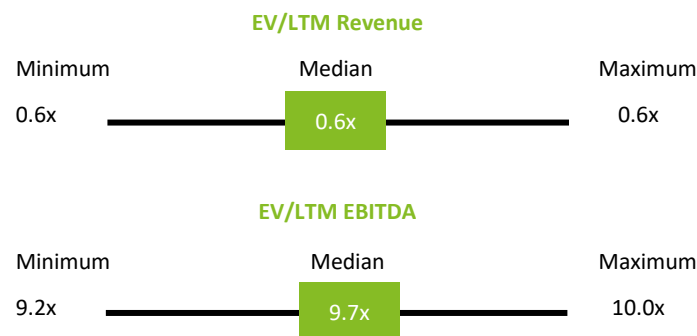
Close Date	Target	Acquiror	Implied EV (\$M)
December 2023	Alvarado Hospital Medical Center, Inc.	The University of California San Diego Health System	\$200.0
November 2023	Medical Search International	AMN Healthcare Services, Inc.	\$300.0
October 2023	Concentric Partners LLC	Accenture Song	\$245.0
October 2023	Vita Health Group Limited	Spire Healthcare Group	\$89.9
October 2023	Dialogue Health Technologies Inc.	Sun Life Assurance Company of Canada	\$216.2



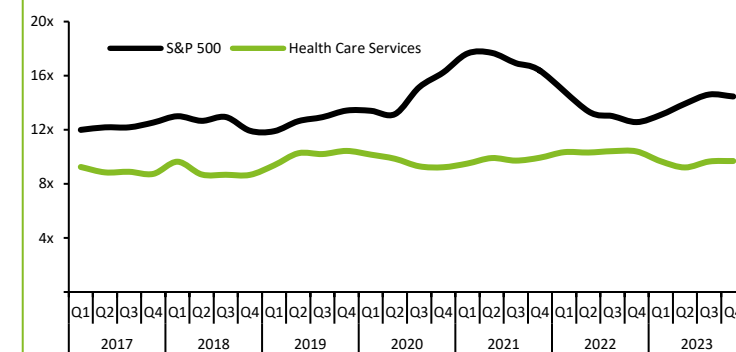
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
DaVita Inc.	\$21,783.8
Quest Diagnostics Inc.	\$19,474.8
Oak Street Health, Inc.	\$10,546.7
Option Care Health, Inc.	\$6,478.6
Amedisys, Inc.	\$3,557.7
Cano Health.	\$1,071.4

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



(1) Refer to slide 9 for Appendix.

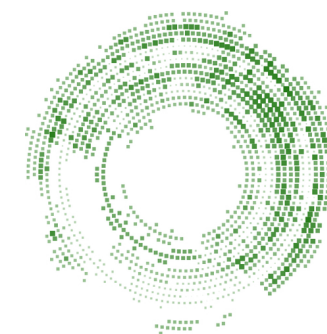
Health Care Technology

Sector Trends ⁽¹⁾

Despite a decrease in EBITDA performance, sentiment surrounding health care technology has resulted in rising enterprise values through Q4 2023. Increased physician visits are proving to be a strong tailwind for the health care technology sector. Post-pandemic society has become more focused on health-conscious initiatives, driving more consistent check-ins with primary care physicians. As physician offices look to accommodate the rising demand in patient visits, telehealth technology is continuing to increase flexibility. In turn, the continued rise in patient visits across the health care sector will likely drive the need for artificial intelligence in a multitude of different settings to create revenue-generating capabilities and decrease employee burnout and fatigue. AI in healthcare is expected to grow at a 37.5% CAGR through 2030 and eclipse \$200 billion in value.

Select Recent M&A Activity⁽²⁾

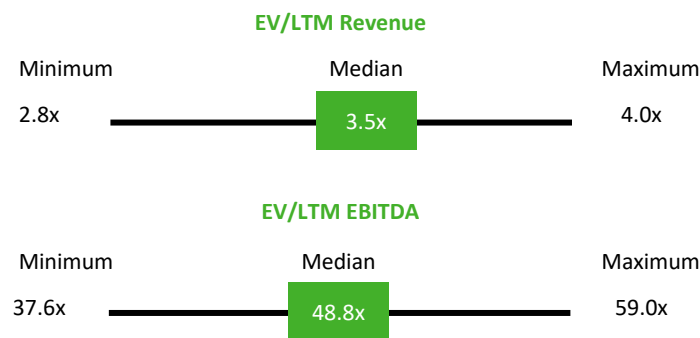
Close Date	Target	Acquiror	Implied EV (\$M)
December 2023	Forge Biologics Holdings, LLC	Ajinomoto North America Holdings, Inc.	\$620.0
December 2023	Imbio, LLC	4DMedical USA Inc.	\$49.0
December 2023	Miomatrix Medical Inc.	United Therapeutics Corporation	\$126.7
November 2023	NextGen Healthcare, Inc.	Thoma Bravo, L.P.	\$1,981.9
November 2023	Tabula Rasa HealthCare, Inc.	Exact Care Pharmacy, LLC	\$657.9



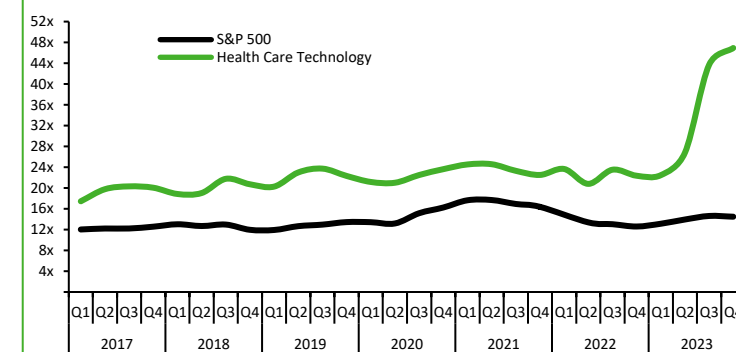
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Veeva Systems, Inc.	\$30,215.3
MultiPlan Corporation	\$5,187.3
Teladoc Health, Inc.	\$3,986.1
Omniceil, Inc.	\$1,730.1
Health Catalyst, Inc.	\$436.2
American Well Corporation	(\$43.1)

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



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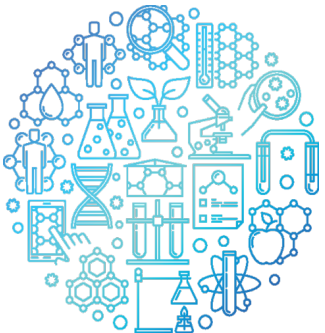
Life Sciences and Pharma Services

Sector Trends ⁽¹⁾

Continued demand and focus in Life Sciences on speed to market, sustainable strategies, safer installations, and competition for qualified labor are driving alternative approaches to project delivery and design. Heightened utilization of design-assist and design-build subcontracting methods are driving efficiency and collaboration. Sustainability, including the use of Green Lab and Green Chemistry Practices, increased ethical research practices, and renewable energy highlight concerted efforts toward environmental stewardship in the Life Sciences sector. 2023 also saw companies address investor concerns surrounding the impact of new GLP-1 medications and the higher interest rate environment. Enterprises were increasingly focused on managing cost structures to free capital for growth and innovation opportunities.

Select Recent M&A Activity⁽²⁾

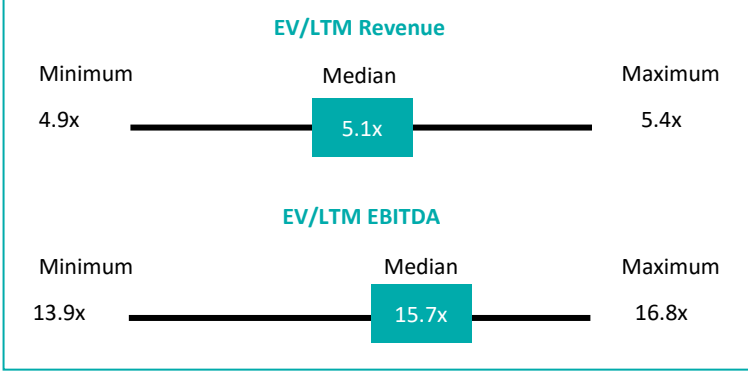
Close Date	Target	Acquiror	Implied EV (\$M)
December 2023	POINT Biopharma Global Inc.	Eli Lilly and Company	\$1,387.5
December 2023	Seagen Inc.	Pfizer Inc.	\$44,551.2
December 2023	Abcam plc	Danaher Corporation	\$5,999.2
November 2023	EQRx, Inc.	Revolution Medicines, Inc.	\$1,586.6
October 2023	Horizon Therapeutics Public Limited Company	Amgen Inc.	\$30,245.7



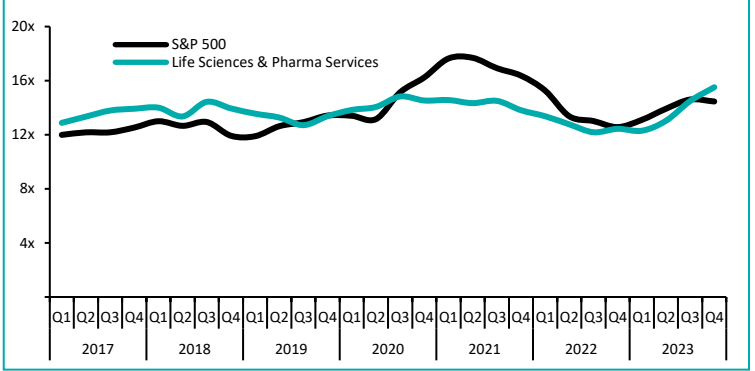
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
AbbVie Inc.	\$343,654.5
Merck & Co., Inc.	\$329,825.3
Thermo Fisher Scientific Inc.	\$242,211.7
Amgen Inc.	\$191,584.0
Pfizer Inc.	\$180,748.5
IQVIA Holdings Inc.	\$51,485.2

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



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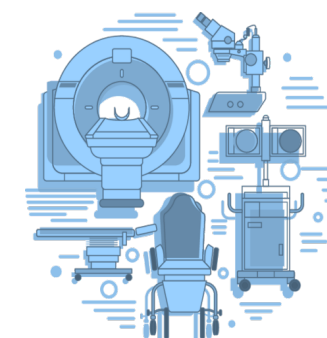
Medical Devices and Supplies

Sector Trends ⁽¹⁾

Overall trends in the medical device sector point toward optimism, propelled by a continued rise in digital therapeutics and at-home diagnostics, growing use of biometric devices, and increased speed to market. Digital therapeutics became largely popular during the pandemic and demonstrated efficiency and accessibility to care. Biometric technology demonstrated accelerated growth, as consumers look for ways to monitor their own health. With this accelerated growth trajectory, pureplay technology companies continue to enter the medical device space and spur competition. As regulatory hurdles remain persistent for certain products, increased speed to market is top of mind for medical device players. To increase speed to market, companies are reusing technologies, focusing on core competencies, and outsourcing more activities.

Select Recent M&A Activity⁽²⁾

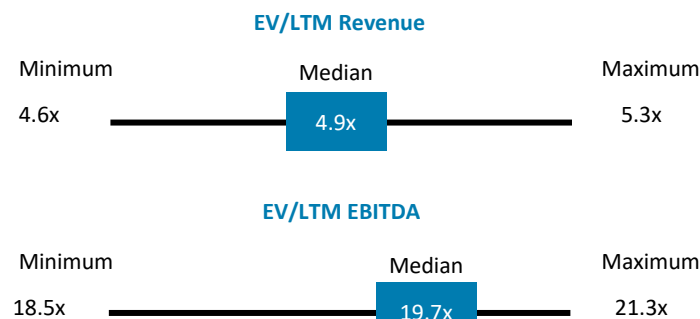
Close Date	Target	Acquiror	Implied EV (\$M)
December 2023	Opsens Inc.	Haemonetics Corporation	\$253.6
December 2023	Paragon Medical, Inc.	AMETEK, Inc.	\$1,900.0
November 2023	Laminar, Inc.	Biosense Webster, Inc.; Ethicon, Inc.	\$400.0
October 2023	Urotronic, Inc.	Laborie Medical Technologies, Inc.	\$546.0
October 2023	Healthmark Industries Company, Inc.	Getinge AB	\$320.0



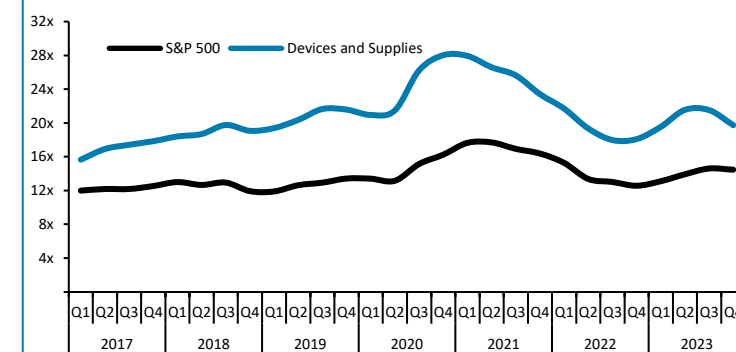
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
Johnson & Johnson	\$391,117.2
Abbott Laboratoires	\$206,775.7
Medtronic plc	\$132,303.4
Stryker Corporation	\$129,862.1
Becton, Dickinson and Company	\$83,983.9
Baxter International Inc.	\$30,679.4

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



(1) Refer to slide 9 for Appendix.

Payors and Payor Services

Sector Trends ⁽¹⁾

Payors and Payor services faced challenges in 2023, including ongoing Medicaid redeterminations and increased Medicare usage, but stability is anticipated in 2024. Patient demand for elective surgeries continues to rise, as a pent-up backlog from COVID-19 gradually clears. With service volumes rising, hospitals are reporting an increase in revenues. The continued rise in service volumes, coupled with a shift toward outpatient care, creates an opportunity for health insurers to lower costs while capitalizing on volume. Most major US health insurers are anticipating YoY revenue and earnings per share growth for Q4 2023.

Select Recent M&A Activity⁽²⁾

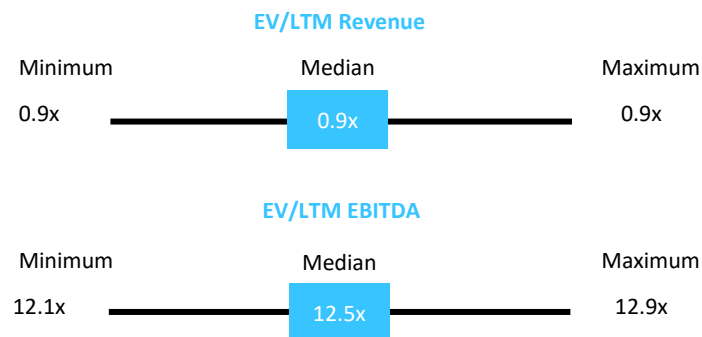
Close Date	Target	Acquiror	Implied EV (\$M)
December 2023	Managed Services Organization and Value-based Care Service Division of Arcadia Solutions, LLC.	Guidehealth	N/A
December 2023	Carisk Partners, Inc.	Lee Equity Partners, LLC	N/A
November 2023	Network Health, Inc.	Froedtert Health, Inc.	N/A
October 2023	Paradise Home Services	Leap Service Partners, LLC	N/A
October 2023	Seoul Medical Group, Inc.	Ascend Partners	N/A



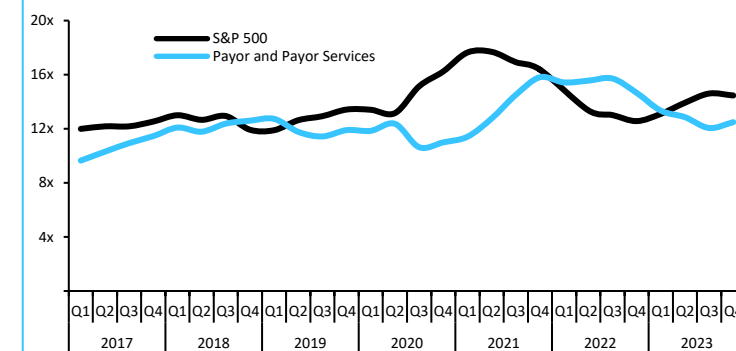
Select Public Comparables⁽³⁾

Company Name	Enterprise Value (\$M)
UnitedHealth Group, Inc.	\$518,425.5
Elevance Health, Inc.	\$129,631.3
The Cigna Group	\$111,791.5
Humana Inc.	\$47,051.1
Centene Corporation	\$41,402.2
Molina Healthcare, Inc.	\$18,265.1

Sector Trading Metrics⁽⁴⁾



Historical EV/EBITDA Multiples⁽⁴⁾



(1) Refer to slide 9 for Appendix.

Appendix

Citations

Page 1:

1. [Mergermarket](#). Accessed February 26, 2024. Data as of February 26, 2024.

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 - a. [S&P Capital IQ](#). Accessed January 24, 2024. Data as of January 24, 2024.

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 - a) [S&P Capital IQ](#). Accessed January 24, 2024. Data as of January 24, 2024.



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