



HEALTHCARE

In This Issue:

- Industry News
- Transactions
- State of the Industry
- About Mirus
- Mirus Healthcare
Spotlight

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Laboratory & Testing Services

Industry News

Mergers and acquisitions, private equity in healthcare primed for continued robust activity

Healthcare Finance [Full Article](#)

The healthcare sector continues to see big-dollar M&A transactions, with some estimates placing the worth of last year's deal volume at about \$171 billion. In terms of private equity deal flow, there were 580 deals last year valued at about \$88 billion.

Timothy McCrystal, a partner at Ropes and Gray, said that anecdotally it's been a very busy market, and there are a number of market influences that are continuing to drive it.

Thermo Fisher to Buy Brammer Bio for \$1.7 Billion

WSJ [Full Article](#)

Thermo Fisher Scientific Inc. (TMO) said it is buying Brammer Bio for \$1.7 billion in a move that would expand the lab-equipment company's presence in the rapidly growing field of gene therapy.

Closely held Brammer Bio, owned by private-equity firm Ampersand Capital Partners, provides pharmaceutical companies developing gene therapies and gene-modified cell therapies with outsourced research and drugmaking services.

Bristol-Myers Squibb to Acquire Celgene for About \$74 Billion

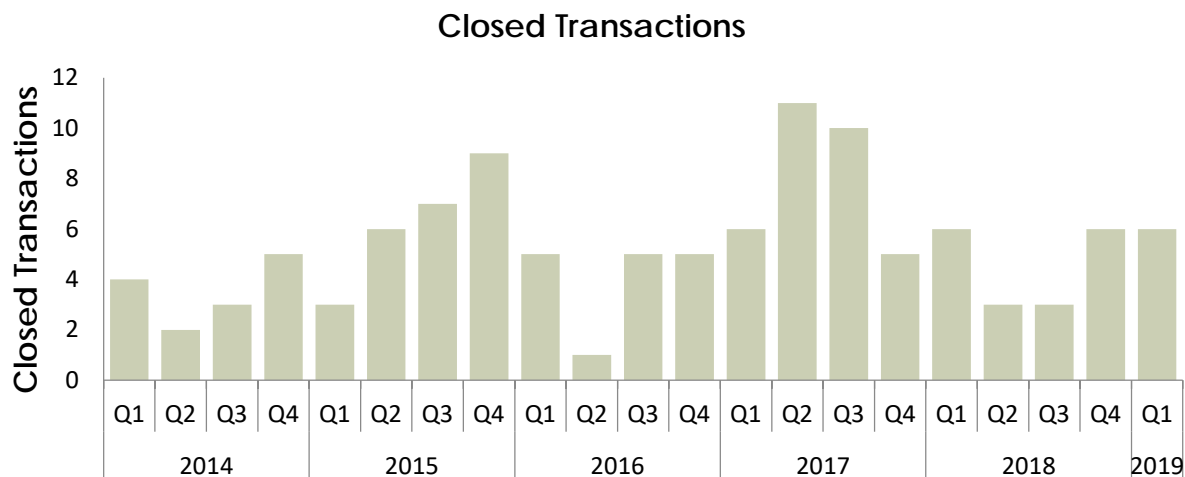
WSJ [Full Article](#)

Bristol-Myers Squibb Co. (BMY) agreed to buy rival Celgene Corp. (CELG) in a deal valued at about \$74 billion, combining two leading sellers of cancer drugs and potentially signaling the return of deal making to the pharmaceutical industry.

Overall, the merged company will have nine products with more than \$1 billion each in annual sales—most notably Celgene's multiple myeloma drug Revlimid and Bristol's lung-cancer treatment Opdivo.

Laboratory & Testing Services

Laboratory & Testing Services M&A Environment

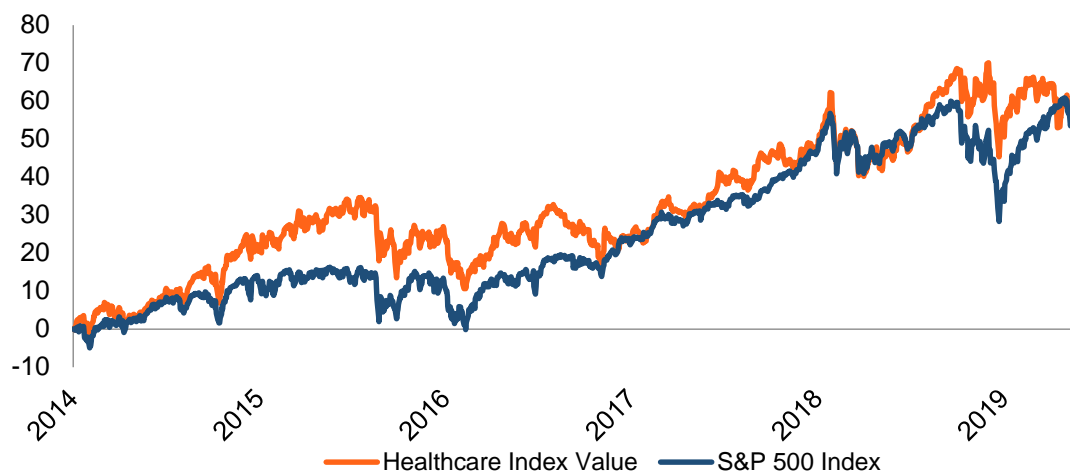


Selected Laboratory & Testing Services M&A

Date Closed	Target	Buyers/Investors	Enterprise Value (\$M)	EV / LTM	
				Revenue	EBITDA
3/25/2019	SELARL BIO 7	Cerba HealthCare S.A.S.	-	-	-
3/1/2019	Medical Neurogenetics, LLC	Laboratory Corporation of America Holdings (NYSE:LH)	-	-	-
2/14/2019	Safework Laboratories Pty Ltd	Pathology Asia Holdings Pte. Ltd.	-	-	-
1/31/2019	Aurora Diagnostics, LLC	Sonic Healthcare Limited (ASX:SHL)	540	-	-
1/18/2019	iKang Healthcare Group, Inc.	Yunfeng Capital; Alibaba Investment Limited	1,524	2.9x	16.8x
1/17/2019	Clinical Care Options, LLC	Practicing Clinicians Exchange	-	-	-
12/18/2018	US BioTek Laboratories, Inc.	Pike Street Capital LLC	-	-	-
10/23/2018	Genoptix, Inc.	NeoGenomics Laboratories, Inc.	139	-	-
12/4/2018	Biocordcell Argentina S.A.	CryoHoldco de Latinoamerica, S.A.P.I. de C.V.	-	-	-
5/21/2018	Diagnostic and Therapeutic Center of Athens HYGEIA SA	Hellenic Healthcare Sàrl	475	1.9x	11.5x
10/9/2018	PhD Laboratório de Patologia Cirúrgica & Molecular	LSM Participações	-	-	-
10/2/2018	Accolab	Cerba HealthCare S.A.S.	-	-	-

Healthcare

Largely mirroring the S&P 500, healthcare valuations experienced increased volatility in the first quarter of 2019 due to increased regulatory pressure and scrutiny to lower costs. Analysts still expect a strong 2019 for the U.S. healthcare market as it transitions to a value based model, with new patient centric technologies, increased adoption of virtual care options, and a greater focus on population health.



As of 3/31/2019

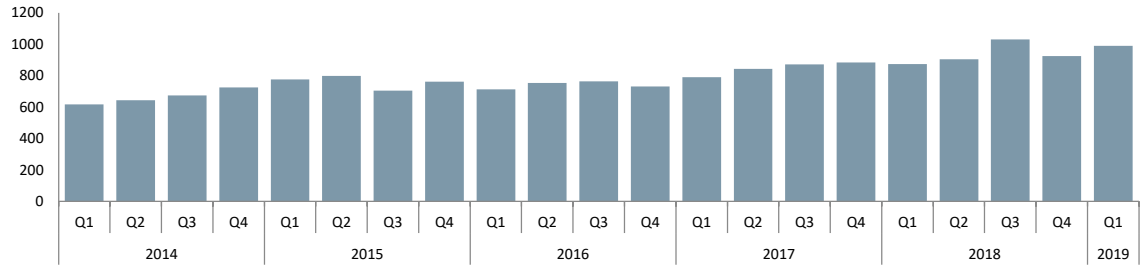
Company Name	Ticker	Enterprise Value	LTM Financials		Valuation Metrics		LTM Margins	
			Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$156,090	\$30,723	\$7,286	5.1x	21.4x	58.5%	23.7%
AbbVie Inc.	NYSE:ABBV	\$151,374	\$32,647	\$13,946	4.6x	10.9x	77.1%	42.7%
Agilent Technologies, Inc.	NYSE:A	\$25,263	\$4,987	\$1,201	5.1x	21.0x	54.6%	24.1%
AmerisourceBergen Corporation	NYSE:ABC	\$19,035	\$175,151	\$2,276	0.1x	8.4x	2.7%	1.3%
Amgen Inc.	NasdaqGS:AMGN	\$122,845	\$23,750	\$12,267	5.2x	10.0x	82.3%	51.7%
Anthem, Inc.	NYSE:ANTM	\$89,708	\$94,220	\$6,530	1.0x	13.7x	21.3%	6.9%
Baxter International Inc.	NYSE:BAX	\$43,226	\$11,082	\$2,590	3.9x	16.7x	43.3%	23.4%
Becton, Dickinson and Company	NYSE:BDX	\$87,318	\$17,036	\$5,020	5.1x	17.4x	47.9%	29.5%
Biogen Inc.	NasdaqGS:BIIB	\$48,889	\$13,812	\$7,067	3.5x	6.9x	85.7%	51.2%
Boston Scientific Corporation	NYSE:BSX	\$60,321	\$9,937	\$2,649	6.1x	22.8x	71.0%	26.7%
Bristol-Myers Squibb Company	NYSE:BMJ	\$76,455	\$23,288	\$7,256	3.3x	10.5x	71.0%	31.2%
Cardinal Health, Inc.	NYSE:CAH	\$21,217	\$143,530	\$2,775	0.1x	7.6x	4.8%	1.9%
Celgene Corporation	NasdaqGS:CELG	\$80,481	\$15,768	\$7,693	5.1x	10.5x	92.4%	48.8%
Centene Corporation	NYSE:CNC	\$23,485	\$61,028	\$2,877	0.4x	8.2x	18.2%	4.7%
Cerner Corporation	NasdaqGS:CERN	\$18,225	\$5,463	\$1,220	3.3x	14.9x	82.4%	22.3%
Cigna Corporation	NYSE:CI	\$99,788	\$75,145	\$6,983	1.3x	14.3x	24.6%	9.3%
Community Health Systems, Inc.	NYSE:CYH	\$14,399	\$13,842	\$1,418	1.0x	10.2x	38.1%	10.2%
Danaher Corporation	NYSE:DHR	\$103,451	\$20,078	\$4,840	5.2x	21.4x	55.8%	24.1%
DaVita Inc.	NYSE:DVA	\$20,139	\$11,300	\$2,055	1.8x	9.8x	28.1%	18.2%
Eli Lilly and Company	NYSE:LLY	\$131,745	\$24,684	\$7,659	5.3x	17.2x	74.1%	31.0%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$79,639	\$22,320	\$10,535	3.6x	7.6x	78.5%	47.2%
HCA Healthcare, Inc.	NYSE:HCA	\$79,091	\$47,771	\$9,341	1.7x	8.5x	38.0%	19.6%
Humana Inc.	NYSE:HUM	\$39,977	\$58,740	\$3,420	0.7x	11.7x	18.8%	5.8%
IQVIA Holdings Inc.	NYSE:IQV	\$38,604	\$10,533	\$1,821	3.7x	21.2x	35.0%	17.3%
Johnson & Johnson	NYSE:JNJ	\$384,124	\$81,593	\$28,034	4.7x	13.7x	67.0%	34.4%
Laboratory Corporation of America	NYSE:LH	\$20,739	\$11,276	\$1,914	1.8x	10.8x	28.3%	17.0%
McKesson Corporation	NYSE:MCK	\$32,063	\$214,319	\$4,229	0.1x	7.6x	5.5%	2.0%
Merck & Co., Inc.	NYSE:MRK	\$231,192	\$43,073	\$15,071	5.4x	15.3x	69.1%	35.0%
Pfizer Inc.	NYSE:PFE	\$259,348	\$53,859	\$22,369	4.8x	11.6x	79.6%	41.5%
Quest Diagnostics Incorporated	NYSE:DGX	\$16,150	\$7,538	\$1,501	2.1x	10.8x	35.3%	19.9%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$42,576	\$6,911	\$2,610	6.2x	16.3x	59.1%	37.8%
Stryker Corporation	NYSE:SYK	\$79,856	\$13,876	\$3,892	5.8x	20.5x	65.9%	28.0%
Tenet Healthcare Corporation	NYSE:THC	\$19,610	\$18,159	\$2,729	1.1x	7.2x	36.4%	15.0%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$126,231	\$24,630	\$6,242	5.1x	20.2x	44.7%	25.3%
UnitedHealth Group Incorporated	NYSE:UNH	\$267,474	\$231,367	\$20,002	1.2x	13.4x	23.6%	8.6%
Universal Health Services, Inc.	NYSE:UHS	\$16,112	\$10,889	\$1,695	1.5x	9.5x	40.3%	15.6%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$34,528	\$7,891	\$2,467	4.4x	14.0x	71.5%	31.3%
Zoetis Inc.	NYSE:ZTS	\$52,946	\$5,914	\$2,181	9.0x	24.3x	66.6%	36.9%

Median	3.3x	11.7x	43.3%	19.9%
Mean	3.0x	13.2x	45.3%	21.3%

Healthcare

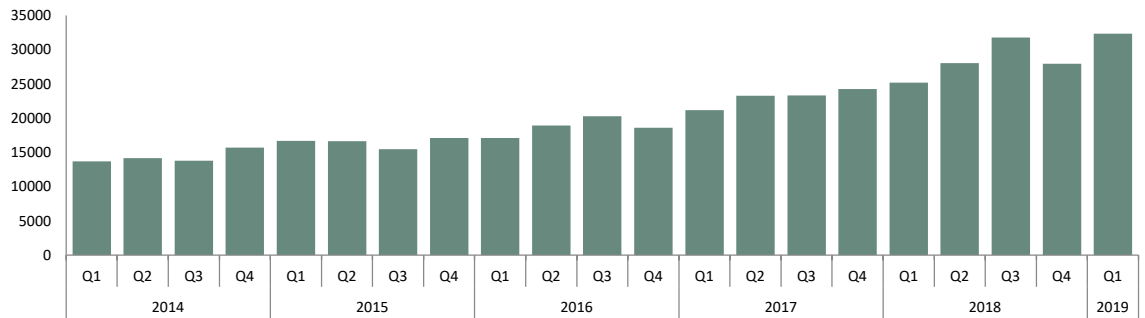
State of the Industry

Dow Jones US Healthcare Index



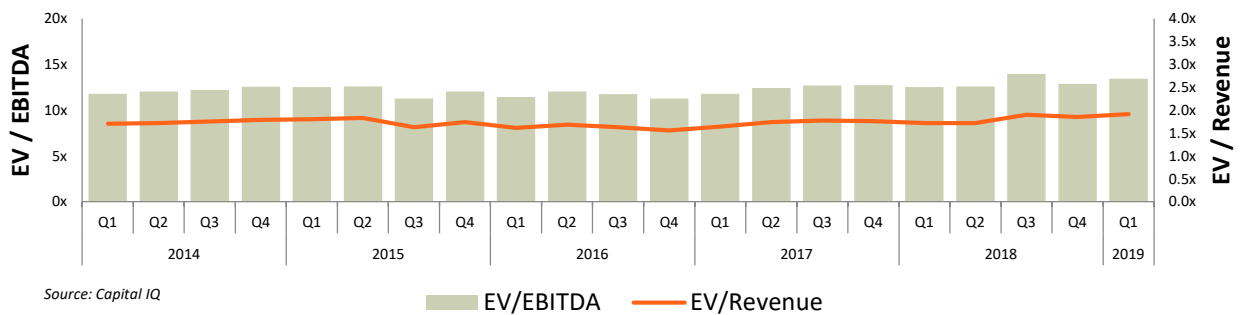
Source: Capital IQ

Dow Jones US Select Medical Equipment Index



Source: Capital IQ

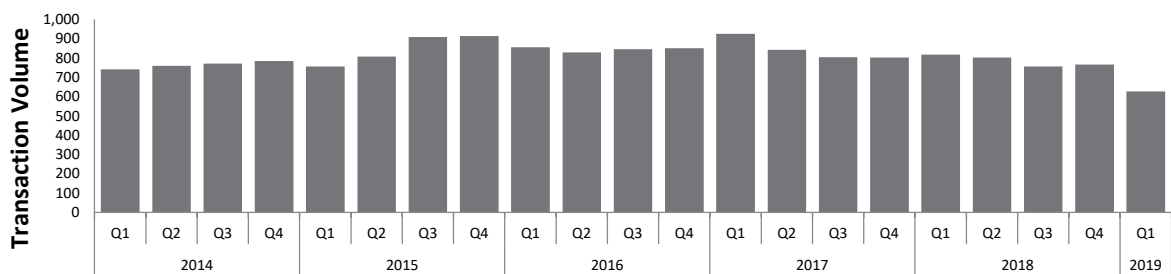
Industry Valuations



Source: Capital IQ

■ EV/EBITDA — EV/Revenue

Healthcare Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- We sweat the small stuff.
- Take a 3:00am call.
- Say yes.
- Say no.
- Dig deeper when things get tough.
- And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."
- Then and only then, will we know that we've accomplished something meaningful, too.

About Mirus

The Mirus team works with the owners of closely-held companies in multiple segments of the \$2.8 trillion US healthcare industry to achieve their desired outcome. While global in focus and experience, we benefit from being in one of the most dynamic healthcare ecosystems that includes some of the most active healthcare focused venture capital and private equity firms, leading research universities, large medical device companies and innovative med-tech and healthcare services firms. The Mirus healthcare team has experience executing a spectrum of engagements with some of the most innovative healthcare companies in the world. We have particular expertise in: medical devices, healthcare equipment, healthcare IT, diagnostics, contract research, healthcare staffing, and related companies.

Partner Spotlight

Patrick West is an accomplished executive, entrepreneur, advisor and director with extensive executive management and M&A experience in the healthcare technology sectors. Having been both a senior level med-tech executive and a successful entrepreneur, Patrick brings the valuable perspective of having sat on both sides of the negotiating table. This allows him unique insight and an informed ability to navigate the deal process. In addition to his focus on helping clients maximize enterprise and ultimately exit value as a partner at Mirus, Patrick continues to hold a range of non-executive board positions and provides angel investment and strategic direction to a portfolio of companies.



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"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."

- Bill Hanson, Founder and President of LTI

Mirus Healthcare Spotlight

Tunstall

Americas

has been acquired by

 **Connect America**

a portfolio company of

**ROCKBRIDGE**
GROWTH EQUITY

Tunstall is a market-leading provider of technology-based health and care solutions and services which improve its customers' ability to deliver new, more efficient and effective models for health and care management in the community setting. Connect America provides personal medical response system (PERS) kits for Americans who wish to continue to live an independent life at home.

CTGT
CONNECTIVE TISSUE GENE TESTS

has been acquired by

 **Health Network**
LABORATORIES

Founded in 2004 and based in Allentown, Pennsylvania, CTGT has been at the forefront of the constitutional genetic testing field for more than a decade. The Company uses its proprietary analytic methods, mutation database and technology to provide more than 3,300 unique tests covering over 1,000 genes. Operating for over 20 years, HNL is a leader in laboratory medicine that works with more than 10 hospital systems and has over 60 regional patient service centers. Each year, HNL generates more than 60 million clinical and anatomic pathology results for approximately 3 million patients and 12,000 healthcare providers.

Belmont
INSTRUMENT CORPORATION

has been
recapitalized by

**Audax**
Group

Belmont is a leading provider of fluid warming infusion systems sold into acute care, military, and EMS settings. Headquartered in Billerica, MA, it is a technology leader in rapid infusion systems used to treat critically injured patients experiencing material blood loss. Since its founding in 1999, Audax Private Equity has been focused on building leading middle market companies. Audax has invested \$4.5 billion in 110 platforms and 635 add-on companies. Through its disciplined Buy & Build approach, Audax seeks to help platform companies execute add-on acquisitions that fuel revenue growth, optimize operations, and significantly increase equity value.