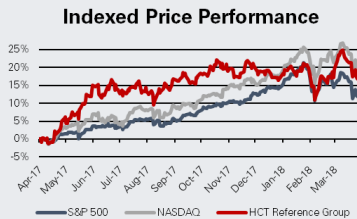


# Healthcare Technology

Q1 2018 UPDATE

## PUBLIC COMPANY METRICS



3.0x-5.0x

### EV to TTM Revenue Multiples

Share price performance for HCT firms compared favorably to the S&P 500 and the NASDAQ Composite for much of 2017, but finished the TTM Mar-18 period more closely aligned with the indices. Over the same time period, EV to TTM revenue multiples for most of the companies in our HCT reference group ranged from about 3.0x to 5.0x.



### Valuation Spotlight

Two firms (Veeva Systems and Teledoc), however, displayed multiples near or above **10.0x**. Contributing factors may include competitive advantages (Veeva Systems) and comparatively high revenue growth (Teladoc).

## M&A TRANSACTIONS

124

### M&A Transactions TTM

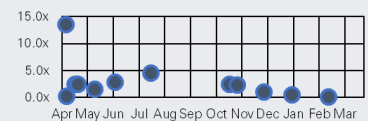
Of the **12** transactions for which valuation data was disclosed, **\$1.4B** acquisition of unicorn CoverMyMeds by McKesson at an implied EV to TTM revenue multiple was **2.9x**.



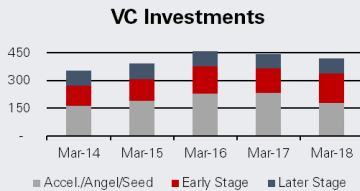
### M&A Spotlight

**\$1.4B** acquisition of unicorn CoverMyMeds by McKesson at an implied EV to TTM revenue multiple of **14.0x**.

### EV to TTM Revenue Multiples



## VENTURE CAPITAL ACTIVITY



424

### VC Investments TTM

Interest in U.S. HCT firms has remained relatively steady.

162

### Early Stage Deals TTM

Compared to **107** for TTM Mar-14.

\$7.0M

### Median Investment TTM

Compared to **\$3.2M** for TTM Mar-14.

\$16.9M

### Median Pre-Money Value TTM

Compared to **\$9.6M** for TTM Mar-14.

## INITIAL PUBLIC OFFERINGS

4

### HCT IPOs TTM

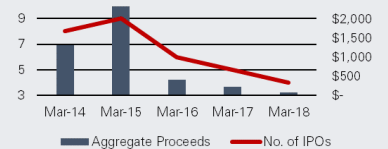
The downward trend in HCT IPO activity over the last 36 months may be attributable to a number of factors (such as those described in our ["Venture Capital IPO Trends" blog article](#)).



### IPO Spotlight

NJ based Tabula Rasa Healthcare, a provider of patient-specific medication management technology, saw its market capitalization rise from approximately **\$200M** to **\$250M** in the months following its Sep-16 IPO, to over **\$775M** in Mar-18.

### IPO Activity



## BUSINESS BANKRUPTCIES



47

### Bankruptcy Filings Over Past 5 Years

There were noticeably fewer bankruptcy announcements over the last 24 months, a favorable indicator for the industry.

**FOR MORE INFORMATION, CONTACT BILL FOOTE AND JIMMY ZHOU AT 301.231.6200.**

Sources: Pitchbook Data, Inc., IBISWorld, SEC filings, press releases. Data based on firms headquartered in the U.S.

Abbreviations: CAGR=Compound Annual Growth Rate; EV=Enterprise Value; EBITDA=Earnings Before Interest, Taxes, Depreciation and Amortization; HCT=Healthcare Technology; IPO=Initial Public Offering; TTM=Trailing Twelve Months; PE=Private Equity; M&A=Merger and Acquisition; VC=Venture Capital.

Public Company Metrics: Based on reference group of publicly traded Healthcare Technology firms: IQV, CERN, ATHN, VEEV, INOV, CSPS, HSTM, TDOC, VCRA, CSLT. Composite metrics weighted based on market capitalization.

M&A Transactions: A variety of factors can influence the implied valuation multiple reported for any given M&A transaction, including the type of buyer involved, the target's growth prospects, and profitability. While revenue-based valuation multiples can be less meaningful than earnings-based valuation multiples (e.g. EV to EBITDA), revenue multiples are presented in our chart because that information is more commonly disclosed.

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