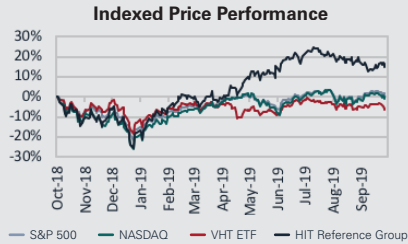


## PUBLIC COMPANY METRICS



5.1x

**9/30/19 Median EV to TTM Revenue Multiples**  
Share price performance for public Healthcare Technology firms significantly outperformed the S&P 500 Index and the NASDAQ composite index during the TTM period. During the TTM period, EV to TTM revenue multiples generally fell in the **4.75x to 6.25x** range.



### Valuation Spotlight

The best performer in our public company reference group was drug discovery and development software provider Simulations Plus (NAS: SLP), whose share price increased **56%** during the TTM period as a result of strong revenue growth that beat expectations.

## US M&A TRANSACTIONS

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### M&A Transactions TTM

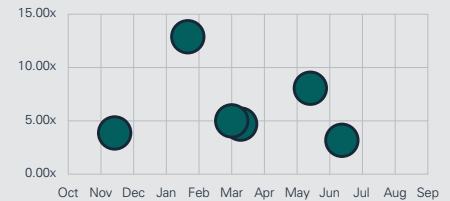
Of the 6 transactions for which valuation data was disclosed (see graph at the right), the median EV to TTM revenue multiple was **5.0x**.



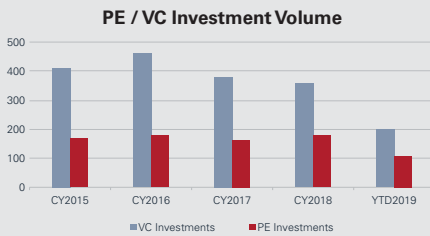
### M&A Spotlight

InstaMed Communications was acquired by JPMorgan Chase (NYS: JPM) for **\$500M** at an implied EV to TTM revenue multiple of **8.0x**. InstaMed Communications is a healthcare payments network.

### EV to TTM Revenue Multiples



## PRIVATE EQUITY & VENTURE CAPITAL ACTIVITY



### TTM Activity

In the Healthcare Technology space, the number of PE and VC investments in the US has generally declined over the last five years. However, the average venture capital transaction value has increased from \$2.4 million in CY2014 to \$7.7 million in CY2018.



### VC Investment Spotlight

Tempus Labs, Inc. closed a \$200 million Series F financing round on 5/30/19. A technology company advancing precision medicine through practical application of artificial intelligence in healthcare, the company plans to use the funding to expand beyond cancer care into other conditions such as diabetes and depression.

## INITIAL PUBLIC OFFERINGS



### IPO Spotlight

Change Healthcare, Inc (NAS: CHNG), a provider of data and analytics-driven solutions to improve clinical, financial and patient engagement outcomes in the U.S. healthcare system, raised \$557M in its 6/26/19 IPO. Its IPO price at listing was \$13.00 and its closing price on 9/30/19 was \$11.75, a decrease of **9.6%**.

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### US SaaS IPOs Over the Past 5 Years

There has been an increase in the number of public filings over the past 12 months, a favorable indicator for the industry.

### IPO Activity



## BUSINESS BANKRUPTCIES



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### Bankruptcy Filings Over the Past 5 Years

There has been a decline in the number of bankruptcy filings over the past 4 years, a favorable indicator for the industry.

FOR MORE INFORMATION,  
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Sources: S&P Capital IQ, SEC filings, press releases.

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

Public Company Metrics: Based on reference group of publicly traded software-as-a-service firms: VEEV, CERN, MDSO, TDOC, OMCL, HMSY, INOV, SLP, MDRX, HSTM, INSP, TRHC, VCRA, NXGN. Composite metrics weighted based on market capitalization. VHT ETF=Vanguard Healthcare Index Fund. Returns presented are not adjusted for dividend yield.

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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