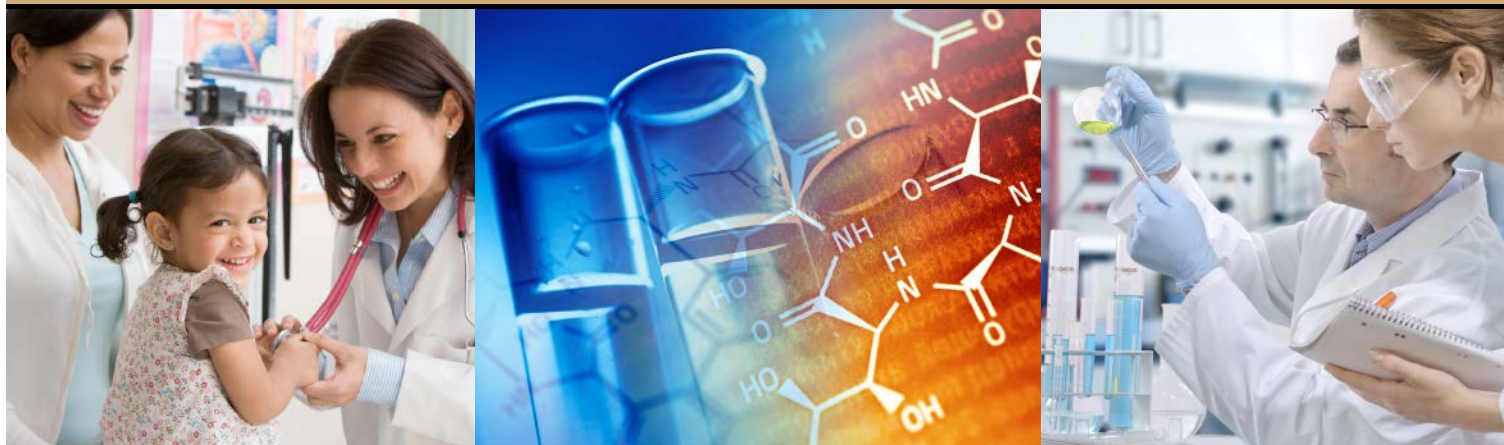


# FOCUS Healthcare and Life Sciences Report



## FOCUS

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Investment Banking

### Winter 2016

Vol. 3, No. 1

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## FOCUS Healthcare and Life Sciences Group

# FOCUS Healthcare and Life Sciences Report

By Jonathan Wilfong, Regional Managing Partner, Southeast, and Healthcare and Life Sciences Team Leader, FOCUS Investment Banking LLC

I hope you had an enjoyable holiday season. Now that New Year's resolutions are made and everyone is back to work, it's time to refocus on business.

As Team Leader of the FOCUS Healthcare and Life Sciences Practice Group, I'm pleased to introduce the Winter 2016 issue of the FOCUS Healthcare and Life Sciences Report.

In this issue, we have an informative article by Barry Michael, Senior Advisor at FOCUS Investment Banking, which examines a new medical test that has the potential to improve colon cancer screening.

Global Healthcare M&A was very robust in 2015 with \$725 billion in transaction value (up 66 percent from 2014) driven by mega deals in pharma and insurance.

The middle market was strong as well, with heavy activity in healthcare IT and the consolidation of provider practices into integrated healthcare provider organizations.

These acquisitions have been driven by a number of factors, including reimbursement pressures favoring hospital-based providers, the increasing costs of Electronic Health Records (EHR) implementations and increasing pressure on providers to deliver a full continuum of care to support outcomes-based reimbursement mandates.

Going forward, we see the potential for significant M&A activity in technology-based services such as remote diagnostics and patient monitoring, as well as provider services supported by video based telemedicine networks.

Retail healthcare offerings also will continue to receive private equity interest as larger deductibles push patients away from traditional providers to less expensive and more convenient care alternatives.

We also are witnessing consolidation activity and private equity interest in historically highly fragmented ancillary services such as care for the disabled and those with substance dependence. While the mega-deal dollars may be down, we expect the middle market to remain very strong in 2016.

We hope you enjoy this issue of our report.

### FOCUS Healthcare and Life Sciences Team

The FOCUS Healthcare and Life Sciences Practice Group is comprised of experienced executives from a broad spectrum of healthcare services, healthcare IT, medical device, pharmaceutical and life sciences companies.

Our team can leverage years of hands-on and transactional experience in the healthcare industry in order to manage your transaction from initial consulting to deal initiation to a successful close with experienced professional guidance every step of the process.

The FOCUS Healthcare and Life Sciences Team is uniquely qualified to help you meet your objectives because we:

- Offer strategic advisory services that enhance shareholder value.
- Supply a proven transaction methodology for delivering results.
- Devote significant C-level resources with operating expertise in the sector to executing transactions.
- Deliver the most exact, comprehensive research to help close a deal, deploying a team of research professionals dedicated to producing precise analysis.
- Leverage years of experience in the middle market to maximize opportunities for a successful transaction.
- Supply a national presence with global reach—regional offices ensure that all clients receive personalized service throughout every phase of a transaction.

Please feel free to contact me at [jonathan.wilfong@focusbankers.com](mailto:jonathan.wilfong@focusbankers.com) with your comments and suggestions.

# New Test Improves Colon Cancer Screening

Barry Michael, Senior Advisor, FOCUS Investment Banking LLC

As people pass the age of 50, the need for colon cancer screening increases, yet many studies point to an alarming one-third of eligible adults in the United States having never had a colorectal cancer screening.

There's a new fecal colon cancer screening test, Cologuard (sometimes referred to as FIT-DNA), that has proven in clinical trials to identify true positives of precancerous lesions and Stage I-IV colon cancers better than previous fecal tests.

While Cologuard is less invasive than a colonoscopy, it is not a replacement for a colonoscopy when a physician feels it is necessary. Rather, it seems to be a newer, better fecal test than those previously available.

It is hoped that widespread adoption could both increase first time testing compliance and focus the use of colonoscopies on those patients most at risk for the disease. Ancillary benefits could include earlier detection, reduced costs by elimination of unnecessary testing, and higher patient satisfaction.

## Cologuard®: DNA Method Along with Traditional FIT

The Fecal Immunochemical Test (FIT) has been the most commonly used colon cancer screening test. A new fecal test, Cologuard, is now available. The data that the company presented to the FDA shows that this new test can detect more existing colon cancers than the traditionally available FIT test.

Cologuard has become important news since receiving Food and Drug Administration (FDA) approval in August 2014. Additionally, Cologuard received a National Coverage Determination from Medicare in October of 2014.

There always is a caveat, and drug testing and approvals take time. The United States Preventive Services Task Force (USPSTF), a recognized authority on many types of screening tests, including colon cancer screening, won't come to conclusions about Cologuard anytime soon.

Test	DNA – FIT Testing (Cologuard)	FIT
Sensitivity for detecting colorectal cancer	92.3%	73.8% (P=0.002)
Sensitivity for detecting advanced precancerous lesions	42.4%	23.8 % FIT (P<0.001)
Specificity	86.6%	94.9%

The USPSTF likes multi-year studies and Cologuard is still too new to generate that type of longitudinal data. But that doesn't mean this new test isn't worth discussing with your physician.

Cologuard is showing itself to be equally good in detecting stage I-III colon cancer. We know it always is best for the patient if the cancer is identified at the earliest, most curable stage. The following data<sup>1</sup> from the company's published study compares DNA-FIT versus FIT testing:

FIT scores better than Cologuard if the most important criterion is having a lower number of false positives, but finding the positives that already are there—and would be found during a colonoscopy—is where the value of this new test lies.

Because Cologuard combines the modern science of specialized DNA analysis along with traditional FIT, it's the latest improvement in initial screening tests for colon cancer screening.

<sup>1</sup> Multitarget Stool DNA Testing for Colorectal-Cancer Screening, The New England Journal of Medicine, April 3, 2014 (<http://www.nejm.org/doi/pdf/10.1056/NEJMoa1311194>)

## Colon Cancer Screening Recommendations

Colorectal cancer is the second leading cause of cancer death in the United States according to the United States Preventive Services Task Force (USPSTF), a recognized authority on the subject of colon cancer screening. The USPSTF recommends<sup>2</sup> colorectal cancer screening using colonoscopy, fecal occult blood testing, or sigmoidoscopy beginning at age 50 until age 75.

You can learn more about the Cologuard test at [www.cologuardtest.com](http://www.cologuardtest.com).

## Bottom Line

While people may not like the thought of taking a feces sample in the bathroom and sending it to a lab for analysis, much less getting a colonoscopy, the bottom line about colon cancer is that one-third of the population hasn't done the necessary colon cancer screening.

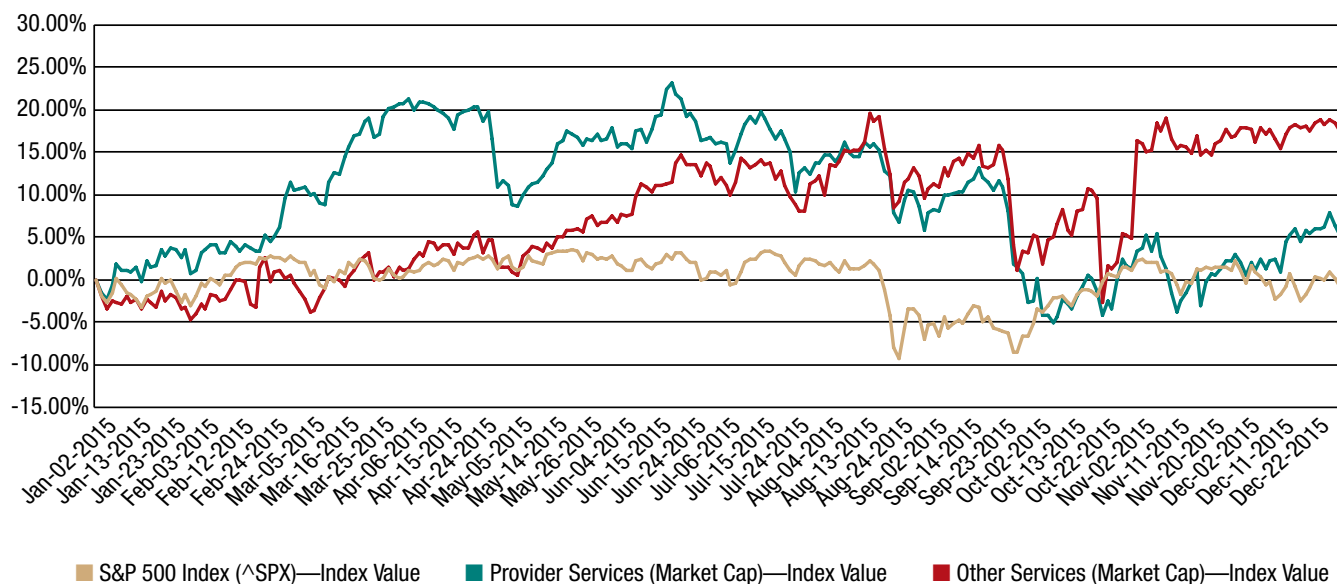
The reasons behind this are varied, but one reasonable assumption is that people assume it will not happen to them—they won't get colon cancer. Unfortunately, in 2015, an estimated 133,000 people will be diagnosed with the disease and roughly 50,000 will die from it.

We hope this background about a relatively new colon cancer screening test is helpful and if you, a loved one, or a friend hasn't been screened, this is a good topic for a patient-physician discussion. It could save your life or the life of someone you care about.

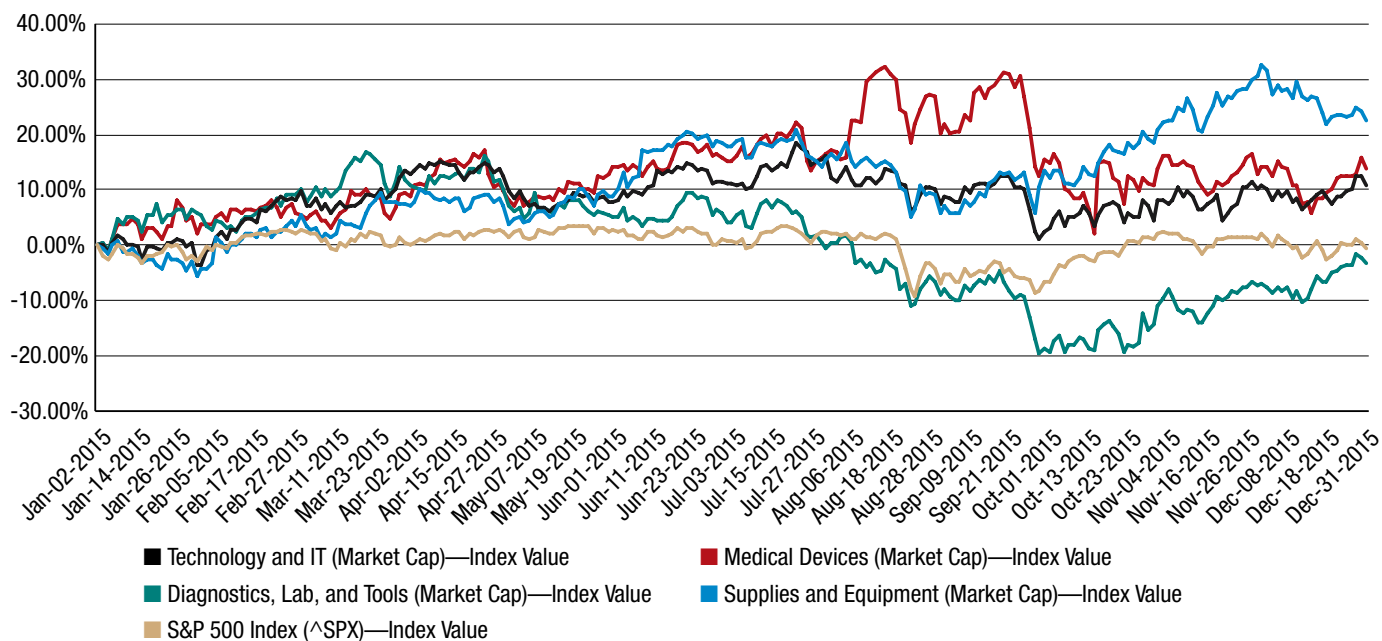
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<sup>2</sup> USPSTF recommendations are independent of the U.S. government and shouldn't be construed as an official position of the Agency for Healthcare Research and Quality or the U.S. Department of Health and Human Services.

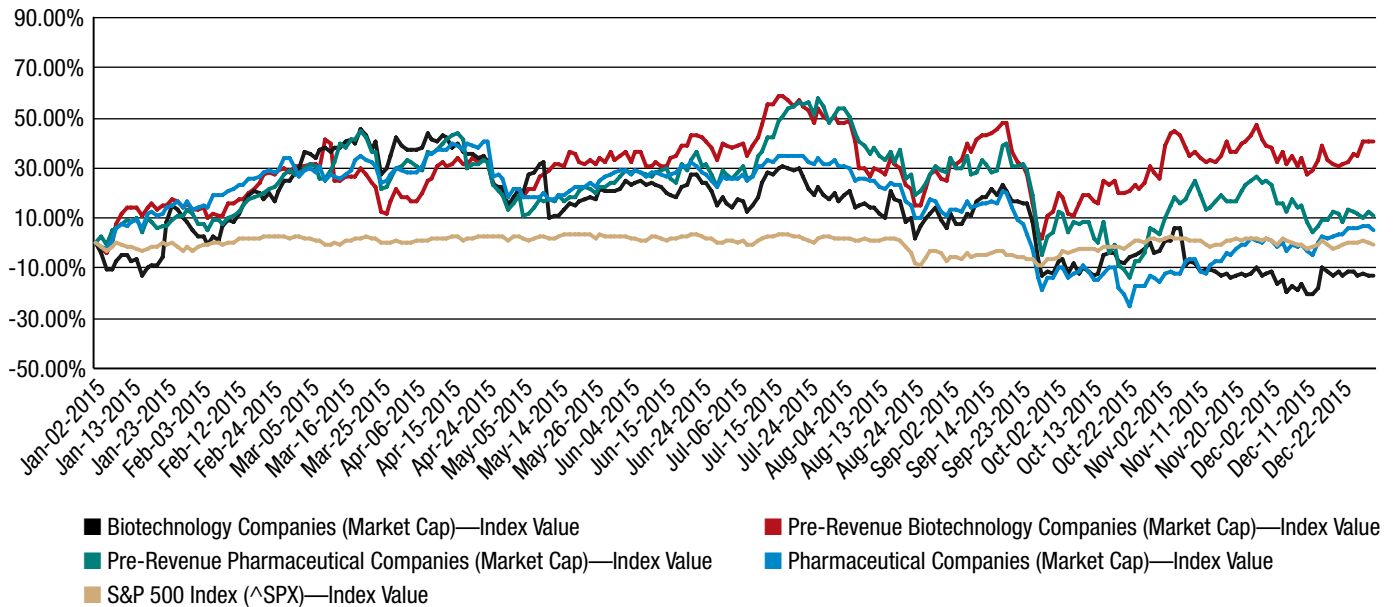
## Performance: S&P 500 vs. Public Medical Service Companies (01/02/2015-12/31/2015)



## Performance: S&P 500 vs. Public Medical Product Companies (01/02/2015-12/31/2015)



## Performance: S&P 500 vs. Public Pharmaceutical and Biotechnology Companies (01/02/2015-12/31/2015)





## Revenue Earning Pharmaceutical Companies

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Akorn, Inc. (NasdaqGS:AKRX)	\$5,316.5	\$593.0	\$208.3	9.0X	25.5X	Sep-30-2015
AVEO Pharmaceuticals, Inc. (NasdaqGS:AVEO)	\$48.5	\$16.0	(\$4.4)	3.0X	N/A	Sep-30-2015
BioDelivery Sciences International, Inc. (NasdaqCM:BDSI)	\$227.5	\$19.0	(\$63.2)	12.0X	N/A	Sep-30-2015
Cumberland Pharmaceuticals, Inc. (NasdaqGS:CPIX)	\$35.4	\$35.0	\$3.9	1.0X	9.1X	Sep-30-2015
DepoMed Inc. (NasdaqGS:DEPO)	\$1,726.7	\$426.0	\$213.2	4.1X	8.1X	Sep-30-2015
Emergent BioSolutions, Inc. (NYSE:EBS)	\$1,502.4	\$503.0	\$128.4	3.0X	11.7X	Sep-30-2015
Horizon Pharma, Inc. (NasdaqGM:HZNP)	\$3,908.6	\$616.0	\$113.7	6.3X	34.4X	Sep-30-2015
Impax Laboratories Inc. (NasdaqGS:IPXL)	\$3,116.2	\$710.0	\$115.7	4.4X	26.9X	Sep-30-2015
Lannett Company, Inc. (AMEX:LCI)	\$1,244.7	\$420.0	\$237.3	3.0X	5.2X	Sep-30-2015
Pacira Pharmaceuticals, Inc. (NasdaqGS:PCRX)	\$2,781.1	\$241.0	\$29.1	11.5X	95.6X	Sep-30-2015
Pernix Therapeutics Holdings, Inc. (NasdaqGM:PTX)	\$445.9	\$183.0	\$38.6	2.4X	11.6X	Sep-30-2015
Sagent Pharmaceuticals, Inc. (NasdaqGM:SGNT)	\$477.4	\$319.0	\$28.7	1.5X	16.6X	Sep-30-2015
VIVUS Inc. (NasdaqGS:VVUS)	\$89.3	\$102.0	(\$40.1)	0.9X	N/A	Sep-30-2015
Zogenix, Inc. (NasdaqGM:ZGNX)	\$219.4	\$43.0	(\$102.9)	5.1X	N/A	Sep-30-2015
Summary Statistics						
High	\$5,316.5	\$710.0	\$237.3	12.0X	95.6X	
Low	\$35.4	\$16.0	(\$102.9)	0.9X	5.2X	
Mean	\$1,510.0	\$301.9	\$64.7	4.8X	24.5X	
Median	\$861.1	\$280.0	\$33.9	3.5X	14.2X	

## Pre-Revenue Earning Pharmaceutical Companies

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
AcelRx Pharmaceuticals, Inc. (NasdaqGM:ACRX)	\$87.5	\$18.0	(\$21.5)	4.9X	N/A	Sep-30-2015
Acura Pharmaceuticals, Inc. (NasdaqCM:ACUR)	\$22.8	\$6.0	(\$5.3)	3.8X	N/A	Sep-30-2015
Alimera Sciences, Inc. (NasdaqGM:ALIM)	\$171.9	\$18.0	(\$37.8)	9.6X	N/A	Sep-30-2015
Ampio Pharmaceuticals, Inc. (AMEX:AMPE)	\$153.0	\$1.0	(\$32.1)	N/A	N/A	Sep-30-2015
Cempra, Inc. (NasdaqGM:CEMP)	\$1,206.4	\$24.0	(\$84.2)	50.3X	N/A	Sep-30-2015
Imprimis Pharmaceuticals, Inc. (NasdaqCM:IMMY)	\$69.2	\$7.0	(\$12.4)	9.9X	N/A	Sep-30-2015
Supernus Pharmaceuticals, Inc. (NasdaqGM:SUPN)	\$607.9	\$133.0	\$16.4	4.6X	37.1X	Sep-30-2015
Summary Statistics						
High	\$1,206.4	\$133.0	\$16.4	50.3X	N/A	
Low	\$22.8	\$1.0	(\$84.2)	3.8X	N/A	
Mean	\$331.2	\$29.6	(\$25.3)	13.8X	N/A	
Median	\$153.0	\$18.0	(\$21.5)	7.2X	N/A	

Source: Capital IQ—stock prices as of 8/22/2015

TEV/EBITDA LTM multiples with n/a values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

## Revenue Earning Biotechnology Companies

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
ArQule Inc. (NasdaqGM:ARQL)	\$92.7	\$11.0	(\$16.3)	8.4X	N/A	Sep-30-2015
Array BioPharma, Inc. (NasdaqGM:ARRY)	\$551.4	\$52.0	(\$94.9)	10.6X	N/A	Sep-30-2015
Cytori Therapeutics, Inc. (NasdaqGM:CYTX)	\$26.8	\$12.0	(\$21.7)	2.2X	N/A	Sep-30-2015
NewLink Genetics Corporation (NasdaqGM:NLNK)	\$848.1	\$230.0	\$131.6	3.7X	6.4X	Sep-30-2015
Summary Statistics						
High	\$848.1	\$230.0	\$131.6	10.6X	6.4X	
Low	\$26.8	\$11.0	(\$94.9)	2.2X	6.4X	
Mean	\$379.8	\$76.3	(\$0.3)	6.2X	6.4X	
Median	\$322.1	\$32.0	(\$19.0)	6.1X	6.4X	

## Pre-Revenue Earning Biotechnology Companies

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
ACADIA Pharmaceuticals Inc. (NasdaqGM:ACAD)	\$3,356.8	\$0.0	(\$138.0)	N/A	N/A	Sep-30-2015
Achillion Pharmaceuticals, Inc. (NasdaqGS:ACHN)	\$1,011.1	\$35.0	(\$52.6)	28.9X	N/A	Sep-30-2015
Discovery Laboratories Inc. (NasdaqCM:DSCO)	\$3.1	\$2.0	(\$39.9)	1.6X	N/A	Sep-30-2015
Neurocrine Biosciences Inc. (NasdaqGS:NBIX)	\$4,499.3	\$20.0	(\$83.0)	N/A	N/A	Sep-30-2015
Opexa Therapeutics, Inc. (NasdaqCM:OPXA)	\$3.7	\$1.0	(\$13.6)	3.7X	N/A	Sep-30-2015
Rigel Pharmaceuticals, Inc. (NasdaqGS:RIGL)	\$133.9	\$29.0	(\$59.8)	4.6X	N/A	Sep-30-2015
TrovaGene, Inc. (NasdaqCM:TROV)	\$101.6	\$0.0	(\$22.1)	N/A	N/A	Sep-30-2015
Vericel Corporation (NasdaqCM:VCEL)	\$81.1	\$50.0	(\$12.7)	1.6X	N/A	Sep-30-2015
Summary Statistics						
High	\$4,499.3	\$50.0	(\$12.7)	28.9X	N/A	
Low	\$3.1	\$0.0	(\$138.0)	1.6X	N/A	
Mean	\$1,148.8	\$17.1	(\$52.7)	8.1X	N/A	
Median	\$117.8	\$11.0	(\$46.3)	3.7X	N/A	

Source: Capital IQ—stock prices as of 8/22/2015

TEV/EBITDA LTM multiples with n/a values indicate negative LTM EBITDA values and were not used for the Summary Statistics.



## Medical Devices

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Alphatec Holdings, Inc. (NasdaqGS:ATEC)	\$123.3	\$192.0	\$22.8	0.6X	5.4X	Sep-30-2015
DexCom, Inc. (NasdaqGS:DXCM)	\$6,547.7	\$356.0	(\$47.0)	18.4X	N/A	Sep-30-2015
Endologix Inc. (NasdaqGS:ELGX)	\$675.9	\$153.0	(\$36.4)	4.4X	N/A	Sep-30-2015
ICU Medical, Inc. (NasdaqGS:ICUI)	\$1,407.7	\$329.0	\$74.5	4.3X	18.9X	Sep-30-2015
LivaNova PLC (LSE:LIVN)	\$2,955.2	\$295.0	\$80.4	10.0X	36.8X	Oct-18-2015
Nxstage Medical, Inc. (NasdaqGS:NXTM)	\$1,361.4	\$326.0	(\$16.8)	4.2X	N/A	Sep-30-2015
STAAR Surgical Company (NasdaqGM:STAA)	\$273.5	\$73.0	(\$9.0)	3.7X	N/A	Oct-02-2015
The Spectranetics Corporation (NasdaqGS:SPNC)	\$853.5	\$240.0	(\$36.7)	3.6X	N/A	Sep-30-2015
Summary Statistics						
High	\$6,547.7	\$356.0	\$80.4	18.4X	36.8X	
Low	\$123.3	\$73.0	(\$47.0)	0.6X	5.4X	
Mean	\$1,774.8	\$245.5	\$4.0	6.2X	20.4X	
Median	\$1,107.5	\$267.5	(\$12.9)	4.2X	18.9X	

## Supplies and Equipment

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Allied Healthcare Products Inc. (NasdaqGM:AHPI)	\$7.0	\$35.0	(\$0.3)	0.2X	N/A	Sep-30-2015
ATRION Corp. (NasdaqGS:ATRI)	\$671.8	\$146.0	\$51.5	4.6X	13.0X	Sep-30-2015
Bovie Medical Corp. (AMEX:BVX)	\$47.0	\$29.0	(\$6.6)	1.6X	N/A	Sep-30-2015
Cantel Medical Corp. (NYSE:CMN)	\$2,708.7	\$578.0	\$115.4	4.7X	23.5X	Oct-31-2015
Derma Sciences Inc. (NasdaqCM:DSCI)	\$68.5	\$87.0	(\$36.0)	0.8X	N/A	Sep-30-2015
Invacare Corporation (NYSE:IVC)	\$599.1	\$1,177.0	\$10.9	0.5X	55.0X	Sep-30-2015
Retractable Technologies, Inc. (AMEX:RVP)	\$71.5	\$32.0	(\$0.7)	2.2X	N/A	Sep-30-2015
Sharps Compliance Corp. (NasdaqCM:SMED)	\$118.8	\$32.0	\$2.4	3.7X	49.5X	Sep-30-2015
Summary Statistics						
High	\$2,708.7	\$1,177.0	\$115.4	4.7X	55.0X	
Low	\$7.0	\$29.0	(\$36.0)	0.2X	13.0X	
Mean	\$536.6	\$264.5	\$17.1	2.3X	35.2X	
Median	\$95.2	\$61.0	\$1.1	1.9X	36.5X	

Source: Capital IQ—stock prices as of 8/22/2015

TEV/EBITDA LTM multiples with n/a values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

## Diagnostics, Laboratories, and Tools

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Abaxis, Inc. (NasdaqGS:ABAX)	\$1,132.3	\$217.0	\$46.3	5.2X	24.5X	Sep-30-2015
Affymetrix Inc. (NasdaqGS:AFFX)	\$794.2	\$358.0	\$46.6	2.2X	17.0X	Sep-30-2015
Chembio Diagnostics, Inc. (NasdaqCM:CEMI)	\$50.2	\$27.0	(\$1.8)	1.9X	N/A	Sep-30-2015
CONMED Corporation (NasdaqGS:CNMD)	\$1,416.9	\$718.0	\$123.6	2.0X	11.5X	Sep-30-2015
Enzo Biochem Inc. (NYSE:ENZ)	\$180.8	\$98.0	(\$7.9)	1.8X	N/A	Oct-31-2015
Fluidigm Corporation (NasdaqGS:FLDM)	\$409.8	\$117.0	(\$43.8)	3.5X	N/A	Sep-30-2015
Genomic Health Inc. (NasdaqGS:GHDX)	\$1,047.5	\$281.0	(\$24.7)	3.7X	N/A	Sep-30-2015
Luminex Corporation (NasdaqGS:LMNX)	\$789.5	\$235.0	\$53.0	3.4X	14.9X	Sep-30-2015
Repligen Corporation (NasdaqGS:RGEN)	\$863.1	\$78.0	\$21.0	11.1X	41.1X	Sep-30-2015
Response Genetics, Inc (NasdaqCM:RGDX)	\$9.2	\$17.0	(\$12.8)	0.5X	N/A	Sep-30-2015
Stereotaxis Inc. (NasdaqCM:STXS)	\$30.7	\$38.0	(\$3.1)	0.8X	N/A	Sep-30-2015
Summary Statistics						
High	\$1,416.9	\$718.0	\$123.6	11.1X	41.1X	
Low	\$9.2	\$17.0	(\$43.8)	0.5X	11.5X	
Mean	\$611.3	\$198.5	\$17.9	3.3X	21.8X	
Median	\$789.5	\$117.0	(\$1.8)	2.2X	17.0X	

## Technology and IT

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Accuray Incorporated (NasdaqGS:ARRAY)	\$590.8	\$387.0	\$0.4	1.5X	N/A	Sep-30-2015
Analogic Corporation (NasdaqGS:ALOG)	\$894.5	\$537.0	\$63.8	1.7X	14.0X	Oct-31-2015
Computer Programs & Systems Inc. (NasdaqGS:CPSI)	\$523.9	\$184.0	\$35.3	2.8X	14.8X	Sep-30-2015
Fonar Corp. (NasdaqCM:FONR)	\$115.0	\$82.0	\$16.2	1.4X	7.1X	Sep-30-2015
iCAD, Inc. (NasdaqCM:ICAD)	\$65.2	\$47.0	\$5.5	1.4X	11.9X	Sep-30-2015
Masimo Corporation (NasdaqGS:MASI)	\$2,173.1	\$618.0	\$130.7	3.5X	16.6X	Oct-03-2015
Omniceil, Inc. (NasdaqGS:OMCL)	\$1,043.3	\$476.0	\$67.4	2.2X	15.5X	Sep-30-2015
Streamline Health Solutions, Inc. (NasdaqCM:STRM)	\$35.1	\$29.0	(\$5.1)	1.2X	N/A	Oct-31-2015
Summary Statistics						
High	\$2,173.1	\$618.0	\$130.7	3.5X	16.6X	
Low	\$35.1	\$29.0	(\$5.1)	1.2X	7.1X	
Mean	\$680.1	\$295.0	\$39.3	2.0X	13.3X	
Median	\$557.4	\$285.5	\$25.8	1.6X	14.4X	

Source: Capital IQ—stock prices as of 8/22/2015

TEV/EBITDA LTM multiples with n/a values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

## Provider Services

Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Addus HomeCare Corporation (NasdaqGM:ADUS)	\$245.1	\$335.0	\$23.9	0.7X	10.3X	Sep-30-2015
Birner Dental Management Services Inc. (NasdaqCM:BDMS)	\$31.0	\$64.0	\$4.2	0.5X	7.4X	Sep-30-2015
Civitas Solutions, Inc. (NYSE:CIVI)	\$1,676.5	\$1,367.0	\$142.3	1.2X	11.8X	Sep-30-2015
Kindred Healthcare Inc. (NYSE:KND)	\$4,132.0	\$6,539.0	\$504.0	0.6X	8.2X	Sep-30-2015
Magellan Health Services Inc. (NasdaqGS:MGLN)	\$1,590.5	\$4,311.0	\$208.1	0.4X	7.6X	Sep-30-2015
Providence Service Corp. (NasdaqGS:PRSC)	\$1,174.5	\$1,984.0	\$111.7	0.6X	10.5X	Sep-30-2015
RadNet, Inc. (NasdaqGM:RDNT)	\$898.9	\$779.0	\$102.3	1.2X	8.8X	Sep-30-2015
The Ensign Group, Inc. (NasdaqGS:ENSG)	\$1,184.9	\$1,246.0	\$104.8	1.0X	11.3X	Sep-30-2015
US Physical Therapy Inc. (NYSE:USPH)	\$731.5	\$320.0	\$53.7	2.3X	13.6X	Sep-30-2015
Summary Statistics						
High	\$4,132.0	\$6,539.0	\$504.0	2.3X	13.6X	
Low	\$31.0	\$64.0	\$4.2	0.4X	7.4X	
Mean	\$1,296.1	\$1,882.8	\$139.4	0.9X	9.9X	
Median	\$1,174.5	\$1,246.0	\$104.8	0.7X	10.3X	

## Other Services

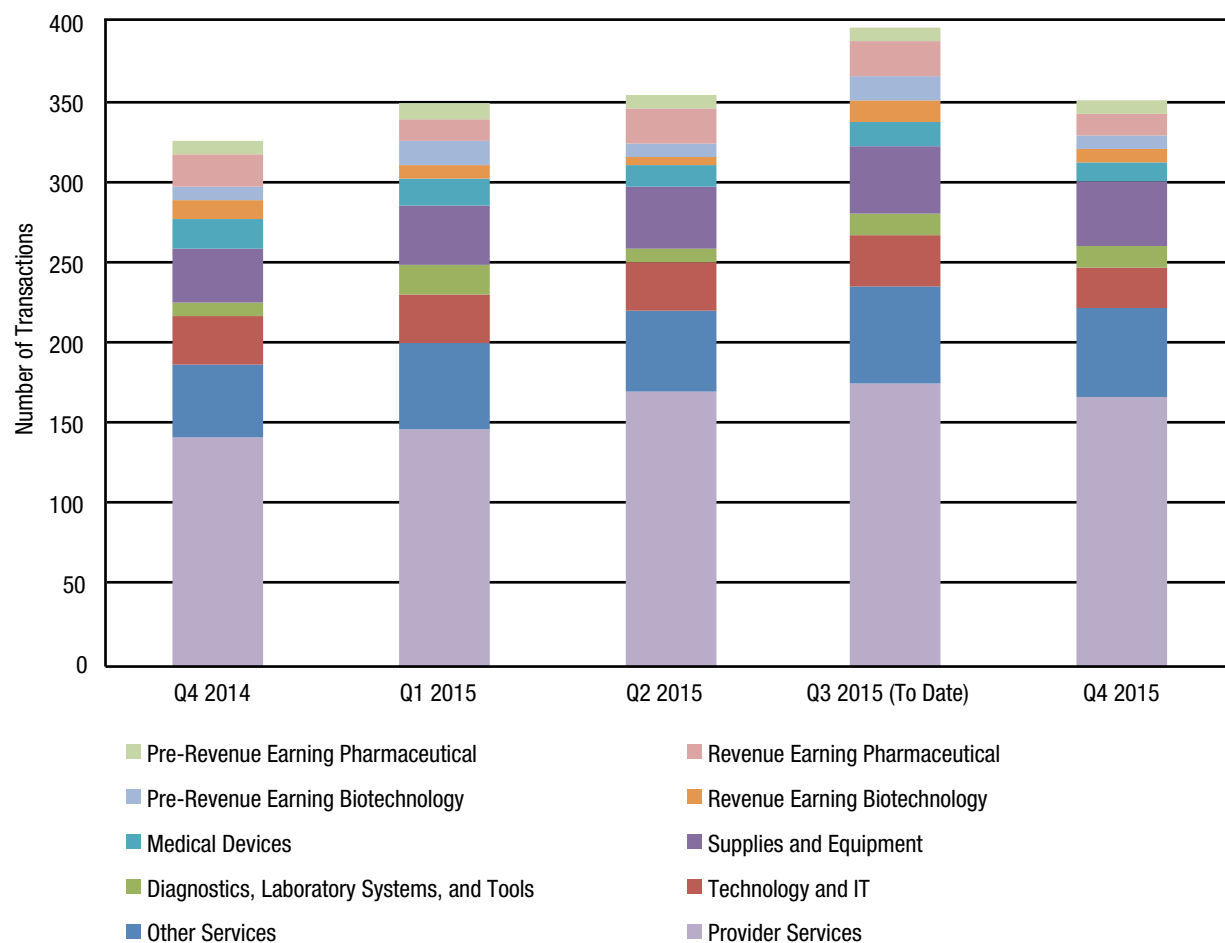
Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Albany Molecular Research Inc. (NasdaqGS:AMRI)	\$984.8	\$363.0	\$44.3	2.7X	22.2X	Sep-30-2015
AMN Healthcare Services Inc. (NYSE:AHS)	\$1,683.8	\$1,340.0	\$134.8	1.3X	12.5X	Sep-30-2015
Bioanalytical Systems Inc. (NasdaqCM:BASI)	\$18.0	\$23.0	\$1.7	0.8X	10.6X	Sep-30-2015
Cross Country Healthcare, Inc. (NasdaqGS:CCRN)	\$581.8	\$762.0	\$30.6	0.8X	19.0X	Sep-30-2015
MedAssets, Inc. (NasdaqGS:MDAS)	\$2,634.5	\$764.0	\$217.8	3.4X	12.1X	Sep-30-2015
National Research Corp. (NasdaqGS:NRCI.B)	\$428.0	\$101.0	\$29.3	4.2X	14.6X	Sep-30-2015
PDL BioPharma, Inc. (NasdaqGS:PDLI)	\$680.8	\$496.0	\$456.4	1.4X	1.5X	Sep-30-2015
Summary Statistics						
High	\$2,634.5	\$1,340.0	\$456.4	4.2X	22.2X	
Low	\$18.0	\$23.0	\$1.7	0.8X	1.5X	
Mean	\$1,001.7	\$549.9	\$130.7	2.1X	13.2X	
Median	\$680.8	\$496.0	\$44.3	1.4X	12.5X	

Source: Capital IQ—stock prices as of 8/22/2015

TEV/EBITDA LTM multiples with n/a values indicate negative LTM EBITDA values and were not used for the Summary Statistics.

# M&A Activity in Healthcare and Life Sciences

## Healthcare M&A Transactions by Quarter (Q4 2014 to Q4 2015)



Source: Capital IQ

## Recent and Notable Healthcare Industry Transactions\*

### *Selected Healthcare Transactions*

The following healthcare industry transactions have caught the attention of FOCUS Investment Banking:

#### **New Mountain Capital, LLC Acquires Equian, LLC**

New Mountain Capital, LLC has acquired Equian, LLC for \$225.0M. Equian, LLC offers a healthcare reimbursement analysis and payment integration solution for the healthcare industry in the United States and internationally. The company was founded in 1987 and is based in Indianapolis, Indiana. (December 18, 2015)

#### **American Addiction Centers, Inc. Acquires Wetsman Forensic Medicine, LLC**

American Addiction Centers, Inc. has acquired Wetsman Forensic Medicine, LLC for \$21.07M. Wetsman Forensic Medicine, LLC operates a network of addiction treatment centers in Louisiana, including outpatient treatments. The company is based in New Orleans, Louisiana. (December 11, 2015)

#### **Computer Programs & Systems Inc. Acquires Healthland, Inc.**

Computer Programs & Systems Inc. has acquired Healthland, Inc. for \$241.76M. Healthland, Inc. provides integrated healthcare information technology solutions to rural hospitals, clinics, and health centers in the United States. The company was founded in 1980 and is headquartered in Minneapolis, Minnesota. (November 25, 2015)

#### **Welsh, Carson, Anderson & Stowe Acquires InnovAge Home Care**

Welsh, Carson, Anderson & Stowe has acquired InnovAge Home Care for \$186.0M. InnovAge Home Care is a non-profit company which provides skilled, in-home care for seniors in Colorado and New Mexico. The company was founded in 1969 and is based in Denver, Colorado. (November 17, 2015)

#### **Abcam Plc Acquires AxioMx Inc.**

Abcam Plc has acquired AxioMx Inc. for \$45.0M. AxioMx Inc. researches, develops, and produces recombinant antibodies as well as offers additional services relating to large-scale antibody production. The company was founded in 2012 and headquartered in Branford, Connecticut. (November 11, 2015)

#### **Astellas US Holding, Inc. Acquires Ocata Therapeutics, Inc.**

Astellas US Holding, Inc. has acquired Ocata Therapeutics, Inc. for \$371.7M. Ocata Therapeutics, Inc. is a clinical stage biotechnology company which develops regenerative ophthalmology therapies in the United States. The company is headquartered in Marlborough, Massachusetts. (November 10, 2015)

#### **LHC Group, Inc. Acquires Nurses' Registry and Home Health Corporation**

LHC Group, Inc. has acquired Nurses' Registry and Home Health Corporation for \$5.7M. Nurses' Registry and Home Healthy Corporation provides in-home skilled nursing, personal care, therapy, and monitoring services in the United States. The company was founded in 1953 and is based in Lexington, Kentucky. (October 28, 2015)

#### **Roper Technologies, Inc. Acquires Atlas Medical Software**

Roper Technologies, Inc. has acquired Atlas Medical Software for \$48.0M. Atlas Medical Software provides cloud-based connectivity and integration software solutions for the healthcare industry. The company's solutions assist with patient workflow and Electronic Healthcare Record management. The company was founded in 1995 and is based in Calabasas, California. (October 26, 2015)

#### **CFS 915 LLC Acquires Cardiac Science Corporation**

CFS 915 LLC has acquired Cardiac Science Corporation for \$82.7M. Cardiac Science Corporation is a medical device company which designs and manufactures automated external defibrillators (AEDs). Additionally, the company offers training, maintenance, and support services for its products. The company was founded in 1913 and is based in Waukesha, Wisconsin. (October 20, 2015)

#### **Antworks Acquires Benchmark Systems, Inc.**

Antworks has acquired Benchmark Systems, Inc. for \$5.0M. Benchmark Systems, Inc. offers an internet-based integration solution for medical practices in the United States. Its services include patient portals, scheduling solutions, and Electronic Healthcare Record (EHR) management solutions. The company was founded in 1978 and is based in Lynchburg, Virginia. (October 6, 2015)

*\*Source: Transaction material sourced from S&P Capital IQ Database and mergermarket.com*

# FOCUS Healthcare and Life Sciences Transactions

<p>This announcement appears as a matter of record only</p>  <p>has acquired</p>  <p>The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to ncgCARE.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>has been acquired by</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Alpha Systems.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>sold its home and community based services business to</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Arrow Child &amp; Family Ministries.</p> <p><b>FOCUS</b> Investment Banking</p>
<p>This announcement appears as a matter of record only</p>  <p>has been sold to</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Forgentum.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>Silby, England has been acquired by</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Medvance.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>has been acquired by</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Pleiad Devices, LTD.</p> <p><b>FOCUS</b> Investment Banking</p>
<p>This announcement appears as a matter of record only</p>  <p>has acquired</p>  <p>The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to PositiveID Corporation.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>has been acquired by</p>  <p>The undersigned initiated this transaction, assisted in the negotiations, and acted as financial advisor to Bioline.</p> <p><b>FOCUS</b> Investment Banking</p>	<p>This announcement appears as a matter of record only</p>  <p>has been acquired by</p>  <p>The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Verify Solutions, LLC.</p> <p><b>FOCUS</b> Investment Banking</p>

*\*Testimonials may not be representative of the experience of all clients; testimonials are not a guarantee of future performance or success.*



## FOCUS Healthcare and Life Sciences Transactions

*This announcement appears  
as a matter of record only.*

### MTS Medication Technologies

received \$13,000,000 for  
working capital from

### LaSalle Bank and Berwind Growth Capital

FOCUS Partner James C. Harper  
assisted in the negotiations as  
the representative of  
MTS Medication Technologies.

*This announcement appears  
as a matter of record only.*

### BioSupplies.com

received \$500,000 for  
working capital and investment from

### Epoch Partners, LLC

FOCUS Chairman Marshall Graham  
assisted in the negotiations as the  
representative of BioSupplies.com.

*This announcement appears  
as a matter of record only.*

### BioSafe Medical Technologies

received \$18,000,000 in  
multiple financing rounds for  
working capital and development from

### Whitman-Hart, et.al.

FOCUS Regional Managing Partner  
William S. Lear assisted in the  
negotiations as the representative  
of BioSafe Medical Technologies.

*This announcement appears  
as a matter of record only.*

### Milkhaus Laboratories

received \$5,000,000 for  
Phase 2 clinical trials from

### Current Shareholders

FOCUS Regional Managing Partner  
William S. Lear assisted in the  
negotiations as the representative  
of Milkhaus Laboratories.

*This announcement appears  
as a matter of record only.*

### LabPortal.com

received \$4,500,000 for working  
capital and investment from

### AML, GTCR and Park City Solutions

FOCUS Senior Advisor Jack Bergstrom  
assisted in the negotiations as the  
representative of LabPortal.com.

*This announcement appears as a matter of record only*



has been recapitalized by



\$8,000,000 Series A Preferred Stock

The undersigned initiated this transaction, assisted in the  
negotiations, and acted as financial advisor to Agentek,  
Inc.

**FOCUS**  
Investment Banking

*This announcement appears as a matter of record only*



has acquired



The undersigned initiated negotiations and acted as  
financial advisor to Alliance HealthCard.

**FOCUS**  
Investment Banking

*This announcement appears  
as a matter of record only.*

### PROTECT Emergency Response Systems, Inc.

has been sold to



The undersigned initiated the transaction,  
acted as financial advisor to, and assisted in the  
negotiations as the representative of  
PROTECT Emergency Response Systems, Inc.

**FOCUS**  
Investment Banking

"We are grateful for the expertise and professionalism FOCUS brought to this transaction. The sale of Alpha Systems to Databank would not have gone as seamlessly as it did had it not been for FOCUS. They understand the needs of both buyers and sellers and ensured the transaction went as smoothly as possible. Their bankers bring a methodical execution strategy that delivers consistent results. This is the second transaction FOCUS has completed for us, which demonstrates the confidence we have in their process and in their firm." Brett Griffith, President, Alpha Systems



## FOCUS Healthcare and Life Sciences Team



### **Jonathan Wilfong**

*Regional Managing Partner, Southeast, and  
Healthcare and Life Sciences Team Leader*  
Atlanta

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404-963-8252

Jonathan E. Wilfong has almost 40 years of broad industry experience in mergers and acquisitions, business development, and capital formation. He was a founder and co-founder of two physician practice management companies.



### **John Bradshaw**

*Partner*

Bend, OR

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541-306-6451

John T. Bradshaw has over 30 years of experience in sales, marketing, manufacturing, finance, and systems engineering with corporations specializing in technology-driven business products and services.



### **Mark L. Braunstein, MD**

*Senior Advisor*

Atlanta

mark.braunstein@cc.gatech.edu  
404-385-3448

Dr. Braunstein teaches health informatics and is involved in fostering research and community outreach aimed at the wider adoption of health information technology to improve the quality and efficiency of care delivery.



### **Vishwas Chandra**

*Associate*

Atlanta

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901-896-8892

Mr. Chandra provides analytical and transaction support to the firm's Capital Financing Team. Prior to joining FOCUS, Mr. Chandra was engaged as an institutional fixed income trader for a fixed income brokerage in Atlanta.



### **Gareth Clarke**

*Senior Advisor*

Atlanta

garethc@bellsouth.net  
770-335-8397

Mr. Clarke is a seasoned, internationally experienced CEO with a background featuring strong financial, marketing, and technology skills. Until recently, Clarke served as Chief Executive at Inviro Medical Devices.



### **James "Jim" W. Hawkins, MBA, PhD**

*Managing Director*

Washington, DC

jim.hawkins@focusbankers.com  
202-470-1971

Jim Hawkins, former President and CEO of five early stage biotechnology companies, has experience in all major areas of the biopharmaceutical industry.



### **Craig Ladkin**

*Managing Director*

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541-390-5005

Craig Ladkin has 25 years of experience managing complex financial and development transactions between private, public, and non-profit sectors in a variety of industries and international jurisdictions.



### **Les Mace**

*Senior Advisor*

Bend, OR

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541-554-7409

Les Mace has over 35 years of experience in the medical device industry including co-founder, market research, technology assessment, manufacturing operations, and much more.

**Michael J. McGregor**

*Managing Director*  
 Charlotte, NC  
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 704-369-5900

Michael McGregor has 10 years of experience advising on business transfers, capital raises, and management buyouts. He has been a founder or co-founder of three start-up businesses, and received his M.B.A. from The University of Pennsylvania's Wharton School of Business.

**Barry Michael**

*Senior Advisor*  
 Clifton, VA  
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 301-535-4805

Barry Michael has more than 30 years' experience in medical devices. Previously Mr. Michael held marketing and sales positions at Abbott Diagnostics as well as senior positions at Kimberly-Clark Professional Healthcare.

**David Roberts**

*Managing Director*  
 Walnut Creek, CA  
 david.roberts@focusbankers.com  
 925-472-6770

David Roberts is a seasoned executive, investor, and transactions professional with more than 30 years of experience founding, building, and advising small to mid-size companies. A former attorney and buy-side securities analyst, Mr. Roberts also has founded 15 companies.

**Douglas E. Rodgers**

*CEO and Energy Team Leader*  
 Washington, DC  
 doug.rodgers@focusbankers.com  
 202-470-1961

Douglas E. Rodgers has been CEO and Managing Partner of FOCUS since early 2002. He serves FOCUS clients across many industries emphasizing merger and acquisitions opportunities. Mr. Rodgers is an active pilot, with ATP and jet ratings.

**John Slater**

*Partner and Capital Financing  
 Team Leader*  
 Memphis  
 john.slater@focusbankers.com  
 901-684-1274

John Slater has 28 years of M&A and capital raising experience. Prior to that time, he spent nine years as a practicing attorney, focused primarily on financial transactions, securities, and tax matters.

**Timothy Tankosic, MD**

*Senior Advisor*  
 Marina del Rey, CA  
 ttankosic@aquapartners.net  
 310-773-0665

Dr. Tankosic has over 25 years of experience as a consultant, advisor, and director for pharmaceutical, biotechnology, diagnostics, and device industries. He has broad experience in major therapeutic areas and technologies and expertise in neuroscience and oncology.

**Gerald Turner**

*Managing Director*  
 Washington, DC  
 gerald.turner@focusbankers.com  
 202-470-1972

Gerald Turner has over 25 years of executive level experience in a wide range of sectors including diverse financial services, direct marketing, specialty retailing, commercial data base management, and consumer brand marketing and packaging.

## About FOCUS Investment Banking LLC

FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit [www.focusbankers.com](http://www.focusbankers.com).

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# FOCUS

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