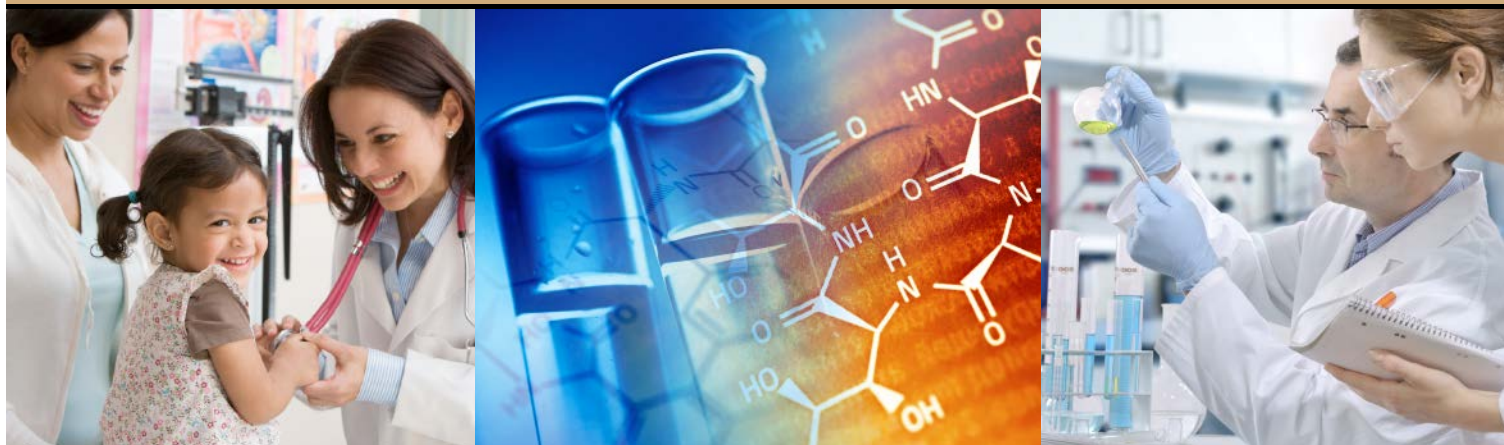


# FOCUS Healthcare and Life Sciences Report



## FOCUS

Strategic, Personal, Dedicated

Investment Banking

Winter 2017

Vol.5, No. 1

## Investment Banking and Advisory Services

FOCUS Investment Banking LLC provides a range of investment banking services tailored to the needs of healthcare and life sciences companies. These services include:

Mergers and Acquisitions  
Consulting  
Institutional M&A  
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Corporate Finance  
Strategic Advisory Services  
Corporate Valuations  
Strategic Partnering and Alliances

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### In this Issue

- 2 Introduction
- 3 The Doctor's House Call: What's Old is New and Innovative
- 5 Performance: S&P 500 vs. Public Medical Service Companies; Public Medical Product Companies; and Public Pharmaceutical and Biotechnology Companies
- 7 Revenue Earning Pharmaceutical Companies  
Pre-Revenue Earning Pharmaceutical Companies
- 8 Revenue Earning Biotechnology Companies  
Pre-Revenue Earning Biotechnology Companies
- 9 Medical Devices  
Supplies and Equipment
- 10 Diagnostics, Laboratories, and Tools  
Technology and IT
- 11 Provider Services  
Other Service
- 12 M&A Activity in Healthcare and Life Sciences
- 13 Recent and Notable Healthcare Industry Transactions\*  
Selected Healthcare Transactions Q4 2016
- 15 FOCUS Healthcare and Life Sciences Transactions
- 17 FOCUS Healthcare and Life Sciences Team

## 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

As Team Leader of the FOCUS Healthcare and Life Sciences Practice Group, I'm pleased to introduce the Winter 2017 issue of the FOCUS Healthcare and Life Sciences Report.

On page three, be sure to read a fascinating article by Les Mace, Senior Advisor at FOCUS Investment Banking, called "The Doctor's House Call: What's Old is New and Innovative." Apparently, the changing healthcare market is bringing house calls back to better serve the elderly and other patients who need ongoing care and monitoring.

As described by Les, doctor's house calls are really a new "old business" model. Allowing ambulance crews and paramedics to make house calls enables the possible creation of new private companies and even public/private partnerships to fulfill this need. The possibilities are exciting and visionary.

At the same time, retail healthcare offerings continue to receive private equity interest as larger deductibles push patients away from traditional providers to less expensive and more convenient care alternatives.

At FOCUS, we continue to witness 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 going into 2017.

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.

# The Doctor's House Call: What's Old is New and Innovative

Les Mace, Senior Advisor, FOCUS Investment Banking LLC

What's old in healthcare is new again. Before 1950, nearly half of all doctor's visits in this country were house calls. Then the medical community set their sights on building large community hospitals and offices in nearby medical office buildings. On the financial front, Medicaid and Medicare made home visits out of reach for doctors. Now the changing healthcare market is bringing house calls back to better serve the elderly and other patients who need ongoing care and monitoring.

## What's Good for the Patient is Good for the Doctor

The house call business model is returning due in part to elderly care. Case in point, Medicare spends a third of its budget caring for chronically ill people in the last two years of life.

There also are the hidden costs of elderly caregivers to factor into the equation. Consider the adult child who needs to take off a half-day of work to take their parent to an appointment.

House call doctors can remove themselves from the fast pace and overhead paperwork of hospitals, private clinics, and private practice offices. Physician billing models are evolving to the point where they can bill for a range of house call services with Current Procedural Technology (CPT) codes much like traditional office visits.

When doctors move towards a more house call based model, they can forgo hurried eight to 10-minute exam room visits and instead spend the time needed with their patients. With the right reimbursement policies in place, some house call doctors report spending upwards of an hour with each house call patient, avoiding repeat calls because of the extra time spent.

## Paramedics, EMTs, and Nurse Practitioners Making House Calls

In some communities, ambulance crews with advanced medical training already are treating patients in their homes. They treat frail or elderly patients, help manage chronic conditions like diabetes, and check on recently discharged hospital patients to ensure they are adhering to their care instructions.

In other cities, paramedics and other first responders with additional training can take non-emergency calls for common maladies primarily found in the elderly such as shortness of breath, weakness, fatigue from dehydration, cuts and abrasions, abdominal pain, low-grade fevers, cold-like symptoms, urinary problems, and minor falls in the home.

Such diagnosis and therapy on patients in their homes cost much less than making a trip to the doctor's office, in addition to the fact patients can remain in the comfort of their homes.

Medicare and Medicaid have yet to cover community paramedicine teams who are performing preventative care and even regularly-scheduled house calls. Currently, both programs only cover at-home treatment by paramedics.

## New Technology, New House Call

Today, more ground and air ambulances carry mobile X-Ray, ultrasound, and CPR equipment. First responders can communicate and send patient data to the emergency room before the patient arrives. Advances in the Internet of Things (IoT) and cellular communications are making these advancements possible.

Doctors and caregivers have immediate access to patient records. They also can be in direct contact with the patient's family members, specialists, consultants, and EMS services via mobile communications equipment.

There also are more point-of-care (POC) diagnostic tests available today which a first responder or even a patient can perform in a home environment. These include tests for:

- Heart attack
- Ischemic stroke
- HIV
- Influenza
- Blood glucose

Wearable devices can diagnose arrhythmias including irregular heart rate and A-fib, oxygen saturation, respiratory rate, temperature, and blood pressure regardless of the patient's physical location.

Some home healthcare companies are already installing IoT connected sensors--non-camera-based passive motion sensors placed around the home for continuous monitoring of everyday behaviors such as sleeping, movement, eating, and trips to the bathroom. Automatic data analytics identifies changes in patterns that may suggest the need for alterations in care and alert caregivers to potential life threatening problems.

### Doctor's House Calls: A New Old Business Model

Allowing ambulance crews and paramedics to make house calls enables the possible creation of new private companies and even public/private partnerships to fulfill this need. In some cases, hospitals and physician clinics may partner with these house call companies as an added benefit to their home patients. If further treatment or hospitalization is required, the patient then is transported to that hospital or clinic and not someplace else.

House call physicians and transportation services such as Uber and Lyft are now forming partnerships. In transit to the home, the doctor can update previous patient records, review the current patient's symptoms, and make phone calls to patients to be visited later in the day.

Alternately, a medical assistant could be assigned to a doctor the entire day. When the doctor is with the patient, they could assist with other duties including checking on and refilling medications. They also can assess the patient's diet and food supply.

Some healthcare services can't reach people in remote parts of the country, far from the nearest physician. In these situations, services providing trained community health coaches (cost approximately \$600 per month) can assist with home care. Community health coaches already are commonplace in third world countries and in parts of rural America.

Coaches can meet with patients in their homes, assist with determining adherence to the patient's medications, diet, hygiene, and in determining mental health status. They also could retrieve mail, help with paying bills, and perform light housework. Most important, these coaches may prevent expensive medical emergencies before they happen.

There already are doctor house call businesses appearing in the U.S. Many offer a smartphone app for patients. Some doctors with small children often prefer making house calls so they can better manage their personal time in caring for family duties.

Some industry watchers expect house call start-ups to grow because patients and family members like the convenience. The challenges will include not misusing doctors' time and determining the right level of medical care for each patient's problem. Not everyone needs to see a physician.

### Future of House Calls

The U.S. lacks the doctors, nurses, and medical paraprofessionals to make house calls to the estimated two to four million people who need them. Doctors have advocated for more in-home care for seniors and for the chronically ill who may have trouble with transportation and would benefit from having their medical providers work together in one place.

One common criticism of house calls is that America already is short of primary care doctors. If physicians could make more money, control their schedules better, and spend a satisfying amount of time with patients, more might choose that life?

Home healthcare is not a high paying job, even for physicians. Unless the traditional economic model is changed, experts say few doctors would be interested in providing home-based care because it's often a money loser for physicians under the current reimbursement system.

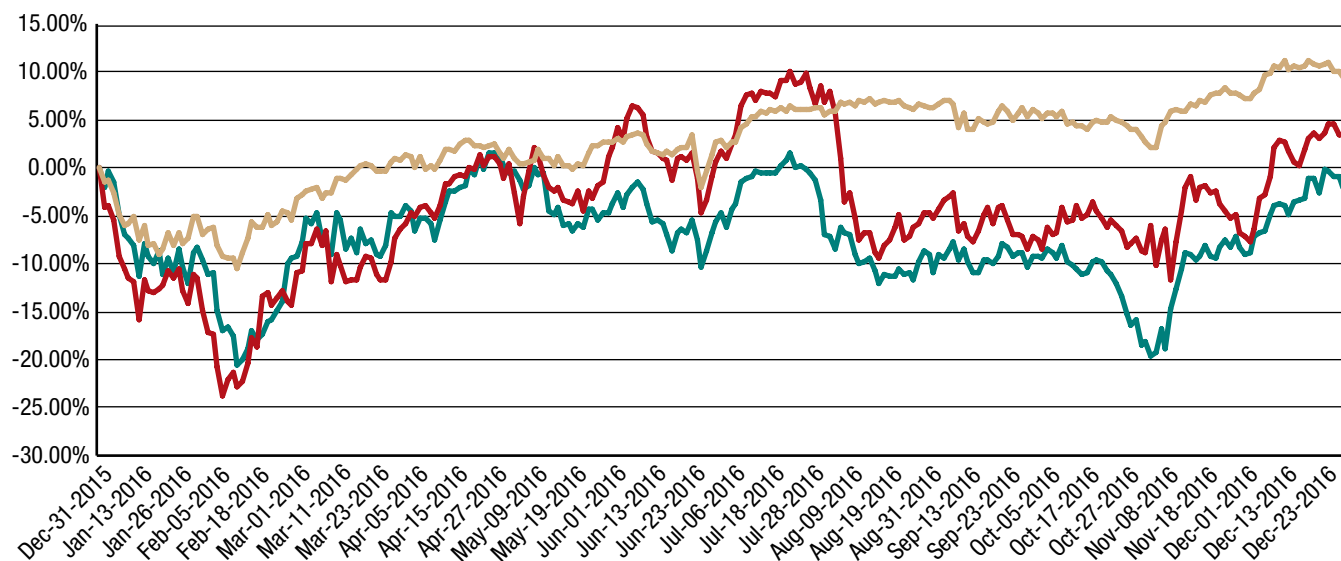
Many physicians would like to see a new payment model that, for example, would allow Medicare to share any savings--about hospitalization--with doctors who make house calls. Could long-term care institutions provide funding for custodial care outside of nursing homes?

How will Medicare gauge the effectiveness of home-based treatments? Will Medicare reimbursement be enough to cover the costs of physicians, nurses, and equipment?

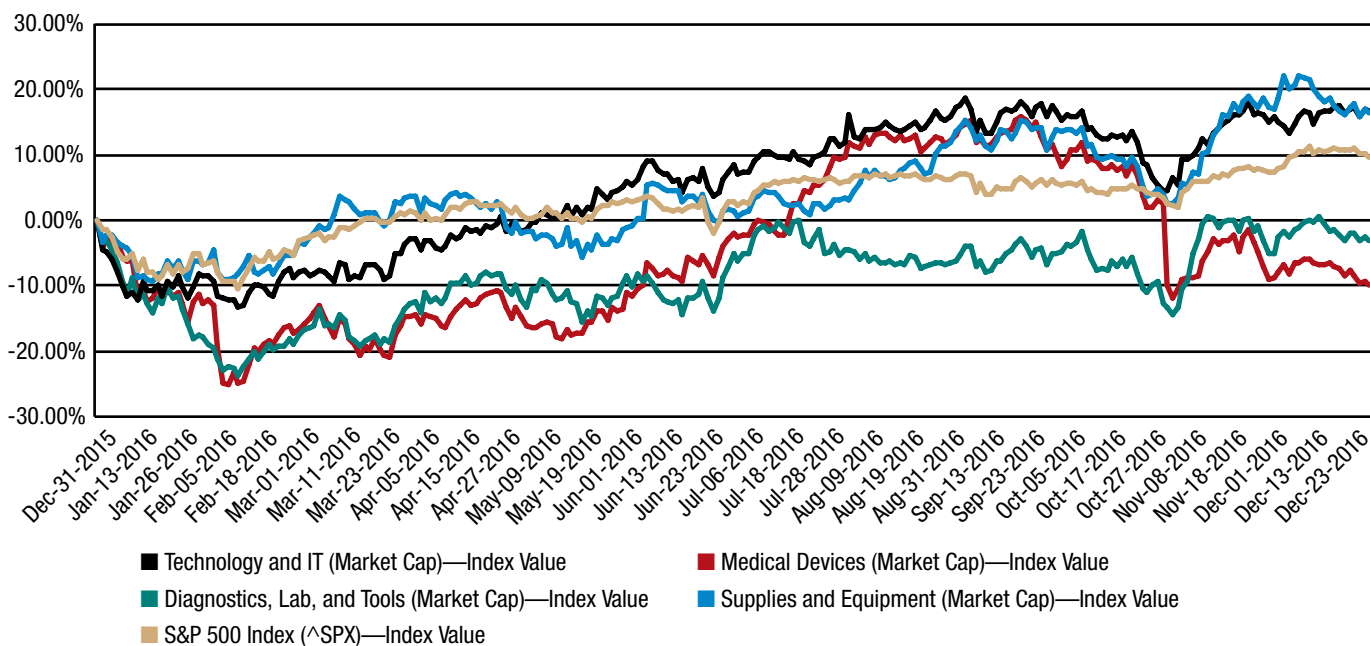
For-profit commercial opportunities are increasing to address these and other issues involved in providing physician in-home care. As the need arises, new entrepreneurial opportunities will help solve the existing barriers.

For example, soon autonomous vehicles will allow the aging and disabled population to remain independent within their homes for longer periods of time--even if they cannot drive. With over 10,000 reaching age 65 every day, aging Americans will become an obvious market for these vehicles. These vehicles are a safer means of transportation than having seniors behind the wheel.

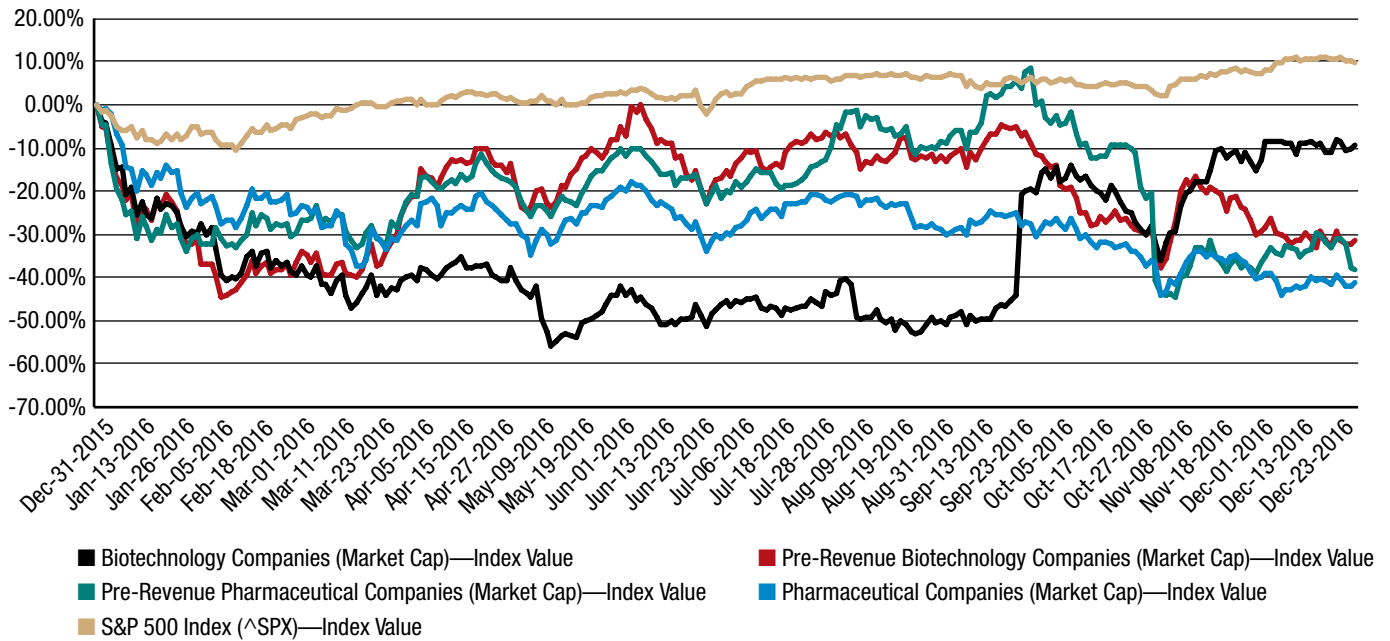
## Performance: S&P 500 vs. Public Medical Service Companies (12/31/2015-12/31/2016)



## Performance: S&P 500 vs. Public Medical Product Companies (12/31/2015-12/31/2016)



## Performance: S&P 500 vs. Public Pharmaceutical and Biotechnology Companies (12/31/2015-12/31/2016)



## 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)	3,367.5	1,113.2	465.3	3.0X	7.2X	Sep-30-2016
AVEO Pharmaceuticals, Inc. (NasdaqGS:AVEO)	24.0	6.0	(26.1)	4.0X	N/A	Sep-30-2016
BioDelivery Sciences International, Inc. (NasdaqCM:BDSI)	79.2	43.3	(36.4)	1.8X	N/A	Sep-30-2016
Cumberland Pharmaceuticals, Inc. (NasdaqGS:CPIX)	42.4	32.0	2.0	1.3X	21.2X	Sep-30-2016
DepoMed Inc. (NasdaqGS:DEPO)	1,688.0	443.2	142.0	3.8X	11.9X	Sep-30-2016
Emergent BioSolutions, Inc. (NYSE:EBS)	1,298.9	530.4	128.7	2.4X	10.1X	Sep-30-2016
Horizon Pharma plc (NasdaqGS:HZNP)	3,207.1	915.3	261.4	3.5X	12.3X	Sep-30-2016
Impax Laboratories Inc. (NasdaqGS:IPXL)	1,576.9	908.1	210.7	1.7X	7.5X	Sep-30-2016
Lannett Company, Inc. (NYSE:LCI)	1,620.4	621.2	252.4	2.6X	6.4X	Sep-30-2016
Pacira Pharmaceuticals, Inc. (NasdaqGS:PCRX)	1,154.5	272.8	(17.7)	4.2X	N/A	Sep-30-2016
Pernix Therapeutics Holdings, Inc. (NasdaqGM:PTX)	291.5	157.1	7.2	1.9X	40.5X	Sep-30-2016
VIVUS Inc. (NasdaqGS:VVUS)	75.9	57.8	(12.1)	1.3X	N/A	Sep-30-2016
Zogenix, Inc. (NasdaqGM:ZGNX)	213.2	23.9	(59.4)	8.9X	N/A	Sep-30-2016
Summary Statistics						
High	\$3,367.5	\$1,113.2	\$465.3	8.9X	40.5X	
Low	\$24.0	\$6.0	(\$59.4)	1.3X	6.4X	
Mean	\$1,126.1	\$394.2	\$101.4	3.1X	14.6X	
Median	\$1,154.5	\$272.8	\$7.2	2.6X	11.0X	

## 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)	46.7	12.7	(30.3)	3.7X	N/A	Sep-30-2016
Acura Pharmaceuticals, Inc. (NasdaqCM:ACUR)	11.0	3.4	(8.7)	3.2X	N/A	Sep-30-2016
Alimera Sciences, Inc. (NasdaqGM:ALIM)	139.1	29.5	(29.5)	4.7X	N/A	Sep-30-2016
Ampio Pharmaceuticals, Inc. (AMEX:AMPE)	43.7	1.2	(29.1)	36.4X	N/A	Sep-30-2016
Cempra, Inc. (NasdaqGS:CEMP)	(85.3)	15.9	(106.7)	(5.4X)	N/A	Sep-30-2016
Imprimis Pharmaceuticals, Inc. (NasdaqCM:IMMY)	42.6	17.7	(15.5)	2.4X	N/A	Sep-30-2016
Supernus Pharmaceuticals, Inc. (NasdaqGM:SUPN)	1,195.6	174.7	28.5	6.8X	42.0X	Sep-30-2016
Summary Statistics						
High	\$1,195.6	\$174.7	\$28.5	36.4X	42.0X	
Low	(\$85.3)	\$1.2	(\$106.7)	(5.4X)	42.0X	
Mean	\$199.1	\$36.4	(\$27.3)	7.4X	42.0X	
Median	\$43.7	\$15.9	(\$29.1)	3.7X	42.0X	

Source: Capital IQ—stock prices as of 12/31/2016

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)	52.0	6.3	(18.8)	8.3X	N/A	Sep-30-2016
Array BioPharma Inc. (NasdaqGM:ARRY)	1,490.4	31.9	(86.3)	46.7X	N/A	Sep-30-2016
Cytori Therapeutics, Inc. (NasdaqCM:CYTX)	33.4	11.7	(19.8)	2.9X	N/A	Sep-30-2016
NewLink Genetics Corporation (NasdaqGM:NLNK)	151.8	30.7	(77.3)	4.9X	N/A	Sep-30-2016
Summary Statistics						
High	\$1,490.4	\$31.9	(\$18.8)	46.7X	-	
Low	\$33.4	\$6.3	(\$86.3)	2.9X	-	
Mean	\$431.9	\$20.2	(\$50.6)	15.7X	-	
Median	\$101.9	\$21.2	(\$48.6)	6.6X	-	

## 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. (NasdaqGS:ACAD)	2,904.1	5.4	(239.4)	N/A	N/A	Sep-30-2016
Achillion Pharmaceuticals, Inc. (NasdaqGS:ACHN)	156.1	31.6	(42.2)	4.9X	N/A	Sep-30-2016
Discovery Laboratories Inc. (NasdaqCM:DSCO)	3,008.9	15.0	(134.6)	N/A	N/A	Sep-30-2016
Neurocrine Biosciences Inc. (NasdaqGS:NBIX)	0.8	2.6	(8.8)	0.3X	N/A	Sep-30-2016
Opexa Therapeutics, Inc. (NasdaqCM:OPXA)	150.2	25.9	(59.8)	5.8X	N/A	Sep-30-2016
Rigel Pharmaceuticals, Inc. (NasdaqGS:RIGL)	33.7	0.4	(36.9)	84.3X	N/A	Sep-30-2016
TrovaGene, Inc. (NasdaqCM:TROV)	130.3	53.3	(16.5)	2.4X	N/A	Sep-30-2016
Vericel Corporation (NasdaqCM:VCEL)	23.2	1.8	(37.7)	12.9X	N/A	Sep-30-2016
Summary Statistics						
High	\$3,008.9	\$53.3	(\$8.8)	84.3X	N/A	
Low	\$0.8	\$0.0	(\$239.4)	0.3X	N/A	
Mean	\$800.9	\$17.0	(\$72.0)	18.4X	N/A	
Median	\$140.3	\$10.2	(\$40.0)	5.4X	N/A	

Source: Capital IQ—stock prices as of 12/31/2016

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)	67.0	178.8	13.1	0.4X	5.1X	Sep-30-2016
DexCom, Inc. (NasdaqGS:DXCM)	4,924.8	532.9	(78.3)	9.2X	N/A	Sep-30-2016
Endologix Inc. (NasdaqGS:ELGX)	586.7	184.7	(62.6)	3.2X	N/A	Sep-30-2016
ICU Medical, Inc. (NasdaqGS:ICUI)	2,033.8	372.1	114.3	5.5X	17.8X	Sep-30-2016
LivaNova PLC (LSE:LIVN)	2,249.5	623.6	96.3	3.6X	23.4X	Sep-30-2016
Nxstage Medical, Inc. (NasdaqGS:NXTM)	1,652.5	363.2	14.4	4.5X	N/A	Sep-30-2016
STAAR Surgical Company (NasdaqGM:STAA)	433.3	81.2	(11.2)	5.3X	N/A	Sep-30-2016
The Spectranetics Corporation (NasdaqGS:SPNC)	1,304.1	263.2	(15.7)	5.0X	N/A	Sep-30-2016
Summary Statistics						
High	\$4,924.8	\$623.6	\$114.3	9.2X	23.4X	
Low	\$67.0	\$81.2	(\$78.3)	0.4X	5.1X	
Mean	\$1,656.5	\$325.0	\$8.8	4.6X	15.4X	
Median	\$1,478.3	\$313.2	\$0.9	4.8X	17.8X	

## 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. (NasdaqCM:AHPI)	6.7	35.8	(0.9)	0.2X	N/A	Sep-30-2016
ATRION Corp. (NasdaqGS:ATRI)	886.5	142.6	48.7	6.2X	18.2X	Sep-30-2016
Bovie Medical Corporation (AMEX:BVX)	96.6	35.4	(3.4)	2.7X	N/A	Sep-30-2016
Cantel Medical Corp. (NYSE:CMN)	3,420.7	696.7	130.4	4.9X	26.2X	Oct-31-2016
Derma Sciences Inc. (NasdaqCM:DSCI)	106.0	88.6	(6.3)	1.2X	N/A	Sep-30-2016
Invacare Corporation (NYSE:IVC)	444.9	1,084.0	7.8	0.4X	57.0X	Sep-30-2016
Retractable Technologies, Inc. (AMEX:RVP)	16.6	29.2	(1.6)	0.6X	N/A	Sep-30-2016
Sharps Compliance Corp. (NasdaqCM:SMED)	57.2	35.0	0.6	1.6X	95.3X	Sep-30-2016
Summary Statistics						
High	\$3,420.7	\$1,084.0	\$130.4	6.2X	95.3X	
Low	\$6.7	\$29.2	(\$6.3)	0.2X	18.2X	
Mean	\$629.4	\$268.4	\$21.9	2.2X	49.2X	
Median	\$101.3	\$62.2	(\$0.2)	1.4X	41.6X	

Source: Capital IQ—stock prices as of 12/31/2016

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)	1,044.1	226.1	52.9	4.6X	19.7X	Sep-30-2016
Chembio Diagnostics, Inc. (NasdaqCM:CEMI)	69.6	18.0	(4.9)	3.9X	NA	Sep-30-2016
CONMED Corporation (NasdaqGS:CNMD)	1,702.3	750.4	126.1	2.3X	13.5X	Sep-30-2016
Enzo Biochem Inc. (NYSE:ENZ)	257.4	103.9	(5.5)	2.5X	NA	Oct-31-2016
Fluidigm Corporation (NasdaqGS:FLDM)	335.6	110.1	(63.3)	3.0X	NA	Sep-30-2016
Genomic Health Inc. (NasdaqGS:GHDX)	885.4	320.3	(9.1)	2.8X	NA	Sep-30-2016
Luminex Corporation (NasdaqGS:LMNX)	797.6	258.8	52.2	3.1X	15.3X	Sep-30-2016
Repligen Corporation (NasdaqGS:RGEN)	958.3	100.4	26.0	9.5X	36.9X	Sep-30-2016
Response Genetics, Inc (OTCPK:RGDX.Q)	11.1	34.1	(4.6)	0.3X	NA	Sep-30-2016
Stereotaxis Inc. (NasdaqCM:STXS)	36.3	35.0	(4.3)	1.0X	NA	Jun-30-2016
Summary Statistics						
High	\$1,702.3	\$750.4	\$126.1	9.5X	36.9X	
Low	\$11.1	\$18.0	(\$63.3)	0.3X	13.5X	
Mean	\$673.5	\$213.6	\$18.9	3.6X	21.3X	
Median	\$797.6	\$110.1	(\$4.6)	3.0X	17.5X	

## 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:ARAY)	426.4	395.7	6.2	1.1X	68.8X	Sep-30-2016
Analogic Corporation (NasdaqGS:ALOG)	891.3	515.0	58.2	1.7X	15.3X	Oct-31-2016
Computer Programs & Systems Inc. (NasdaqGS:CPSI)	471.4	247.0	36.5	1.9X	12.9X	Sep-30-2016
Fonar Corp. (NasdaqCM:FONR)	123.0	89.4	18.5	1.4X	6.6X	Sep-30-2016
iCAD, Inc. (NasdaqCM:ICAD)	41.7	26.5	(7.0)	N/A	N/A	Sep-30-2016
Masimo Corporation (NasdaqGS:MASI)	3,374.8	671.8	140.9	5.0X	24.0X	Oct-01-2016
Omniceil, Inc. (NasdaqGS:OMCL)	1,413.9	651.0	70.3	2.2X	20.1X	Sep-30-2016
Streamline Health Solutions, Inc. (NasdaqCM:STRM)	36.6	27.0	(2.7)	N/A	N/A	Oct-31-2016
Summary Statistics						
High	\$3,374.8	\$671.8	\$140.9	5.0X	68.8X	
Low	\$36.6	\$26.5	(\$7.0)	1.1X	6.6X	
Mean	\$847.4	\$327.9	\$40.1	2.2X	24.6X	
Median	\$448.9	\$321.4	\$27.5	1.8X	17.7X	

Source: Capital IQ—stock prices as of 12/31/2016

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 (NasdaqGS:ADUS)	384.4	381.8	26.5	1.0X	14.5X	Sep-30-2016
Birner Dental Management Services Inc. (NasdaqCM:BDMS)	39.5	62.5	2.6	0.6X	15.2X	Sep-30-2016
Civitas Solutions, Inc. (NYSE:CIVI)	1,339.3	1,407.6	142.9	1.0X	9.4X	Sep-30-2016
Kindred Healthcare Inc. (NYSE:KND)	3,999.2	7,254.5	550.1	0.6X	7.3X	Sep-30-2016
Magellan Health, Inc. (NasdaqGS:MGLN)	2,057.1	4,842.2	238.1	0.4X	8.6X	Sep-30-2016
Providence Service Corp. (NasdaqGS:PRSC)	951.4	875.3	103.7	1.1X	9.2X	Sep-30-2016
RadNet, Inc. (NasdaqGM:RDNT)	1,248.5	1,595.0	122.8	0.8X	10.2X	Sep-30-2016
The Ensign Group, Inc. (NasdaqGS:ENSG)	886.7	1,783.6	117.4	0.5X	7.6X	Sep-30-2016
US Physical Therapy Inc. (NYSE:USPH)	953.8	348.4	59.8	2.7X	15.9X	Sep-30-2016
Summary Statistics						
High	\$3,999.2	\$7,254.5	\$550.1	2.7X	15.9X	
Low	\$39.5	\$62.5	\$2.6	0.4X	7.3X	
Mean	\$1,317.8	\$2,061.2	\$151.5	1.0X	10.9X	
Median	\$953.8	\$1,407.6	\$117.4	0.8X	9.4X	

## Other Services

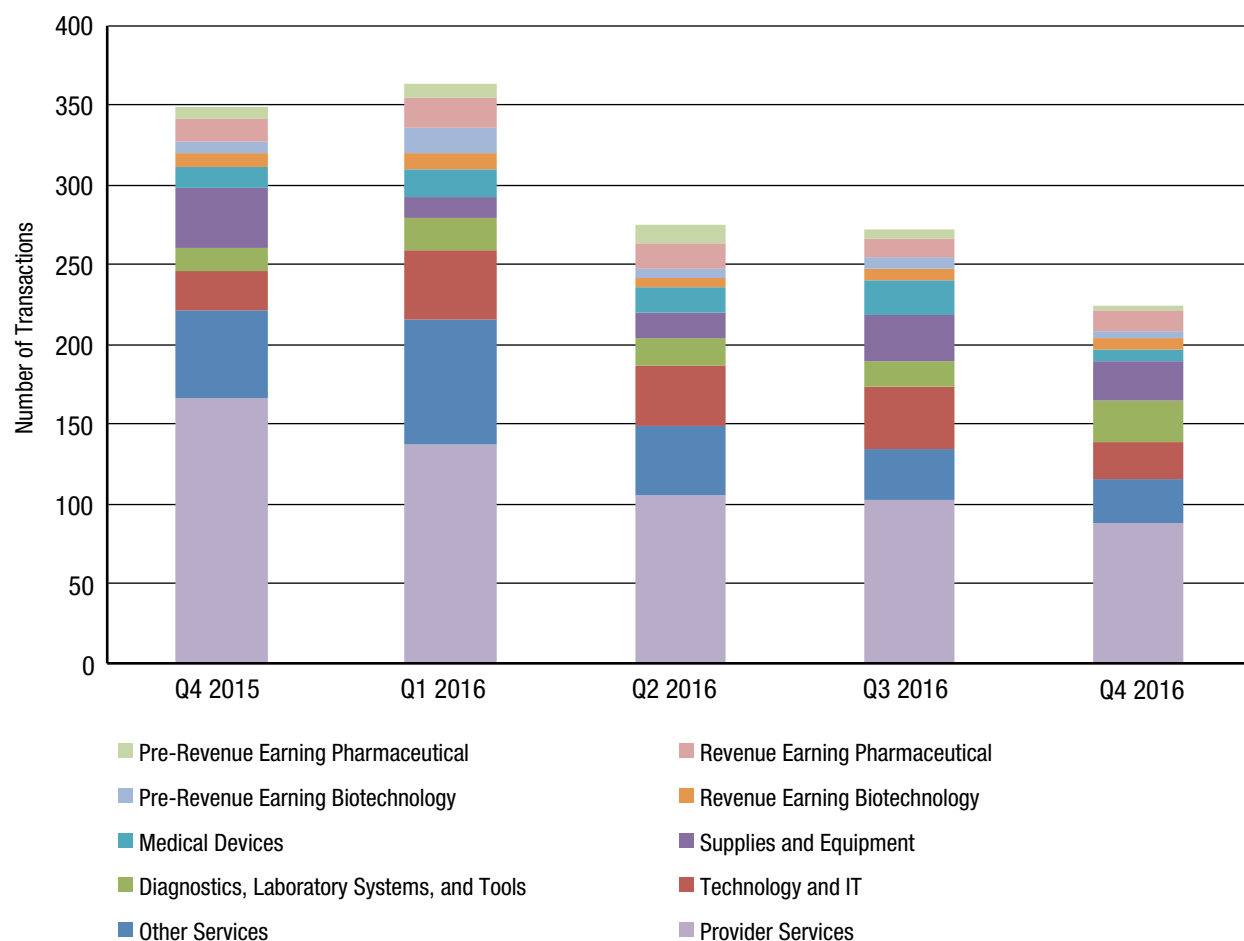
Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Albany Molecular Research Inc. (NasdaqGS:AMRI)	1,272.9	505.5	39.0	2.5X	32.6X	Sep-30-2016
AMN Healthcare Services Inc. (NYSE:AHS)	2,216.8	1,816.9	210.5	1.2X	10.5X	Sep-30-2016
Bioanalytical Systems Inc. (NasdaqCM:BASI)	12.4	20.4	(0.7)	0.6X	N/A	Sep-30-2016
Cross Country Healthcare, Inc. (NasdaqGS:CCRN)	561.6	804.2	40.3	0.7X	13.9X	Sep-30-2016
National Research Corp. (NasdaqGS:NRCI.B)	519.8	107.4	34.2	4.8X	15.2X	Sep-30-2016
PDL BioPharma, Inc. (NasdaqGS:PDLI)	400.5	286.2	244.5	1.4X	1.6X	Sep-30-2016
Summary Statistics						
High	\$2,216.8	\$1,816.9	\$244.5	4.8X	32.6X	
Low	\$12.4	\$20.4	(\$0.7)	0.6X	1.6X	
Mean	\$830.7	\$590.1	\$94.6	1.9X	14.8X	
Median	\$540.7	\$395.9	\$39.7	1.3X	13.9X	

Source: Capital IQ—stock prices as of 12/31/2016

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 2015 to Q4 2016)



Source: Capital IQ

# Recent and Notable Healthcare Industry Transactions

## *Selected Healthcare Transactions Q4 2016*

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

### **Evolent Health, Inc. Acquires Valence Health, Inc.**

Evolent Health, Inc. has acquired Valence Health, Inc. for \$247 million. Valence Health is a healthcare IT and services firm that provides value-based care solutions for hospitals, health systems, and physicians to help them achieve clinical and financial rewards for managing patient populations. Its solutions include value-based consulting, vision platform, quality measurement, cost and utilization, data collection, vElect for IPAs contract administration, value-based managed, and actuarial services. The company was founded in 1996 and is based in Chicago, Illinois. (October 3, 2016)

### **Wolters Kluwer Health, Inc. Acquires Emmi Solutions, LLC**

Wolters Kluwer Health, Inc. has acquired Emmi Solutions, LLC for \$170 million. Emmi designs technology-based solutions to deliver patient engagement aspects for hospitals and health systems, healthcare payers, and ambulatory care settings. The company offers EmmiEngage online multimedia programs; EmmiTransition that helps healthcare organizations conduct post-discharge outreach programs; and EmmiPrevent that optimizes provider organization resources. The company was founded in 2002 and is based in Chicago, Illinois. (October 4, 2016)

### **Precipio Diagnostics, LLC Acquires Transgenomic Inc.**

Precipio Diagnostics, LLC has acquired Transgenomic Inc. for an undisclosed amount. Transgenomic engages in advancing personalized medicine in the detection and treatment of cancer and inherited diseases through its proprietary molecular technologies, and clinical and research services. The company provides genetic analytical laboratory services related to oncology and pharmacogenomics research services supporting Phase II and Phase III clinical trials conducted by pharmaceutical and biotechnology companies. The company was founded in 1997 and is based in Omaha, Nebraska. (October 12, 2016)

### **Eagle Pharmaceuticals, Inc. Acquires Arsia Therapeutics, Inc.**

Eagle Pharmaceuticals, Inc. has acquired Arsia Therapeutics, Inc. for \$78 million. Arsia Therapeutics produces high-concentration, low-viscosity drug products, enabling

biologics that otherwise would be dosed by intravenous (IV) infusion to be administered by subcutaneous injection (SC), or delivered by autoinjector pen or patch pump. The company was founded in 2013 and is based in Waltham, Massachusetts. (November 11, 2016)

### **Allergan plc Acquires Chase Pharmaceuticals Corporation, Inc.**

Allergan plc has acquired Chase Pharmaceuticals Corporation, Inc. for \$1 billion. Chase Pharmaceuticals focuses on the development of medications for the treatment of Alzheimer's disease. Its product, CPC-252, is a transdermal formulation for the treatment of Alzheimer's disease and Parkinsonism dementia. The company was founded in 2007 and is based in Washington, DC. (November 22, 2016)

### **Blue Wolf Capital Partners LLC Acquires Great Lakes Home Health Services, Inc.**

Blue Wolf Capital Partners LLC has acquired Great Lakes Home Health Services, Inc. for an undisclosed amount. Great Lakes Home Health Services provides home health, palliative, and hospice care services to patients. The company offers home health services in home or in a senior housing community to foster recovery, rehabilitation, and recuperation; hospice care services to support patients and their families during advanced illness; and palliative care for people with a serious illness focusing on providing patients with relief from the symptoms and stress of their chronic condition. The company was founded in 1994 and is based in Jackson, Michigan. (November 29, 2016)

### **Celldex Therapeutics, Inc. Acquires Kolltan Pharmaceuticals, Inc.**

Celldex Therapeutics, Inc. has acquired Kolltan Pharmaceuticals, Inc. for \$234 million. Kolltan Pharmaceuticals develops novel antibody-based drugs targeting receptor tyrosine kinases (RTK) for the treatment of cancer and other diseases. Its lead product candidate includes KTN3379, an antibody targeting the ErbB3 RTK, which is in Phase I clinical trials for adult patients with advanced solid tumors. The company was founded in 2007 and is based in New Haven, Connecticut. (November 29, 2016)

## Recent and Notable Healthcare Industry Transactions (continued)

### *Selected Healthcare Transactions Q4 2016*

#### **BioTelemetry, Inc. Acquires Telcare, Inc.**

BioTelemetry, Inc. has acquired Telcare, Inc. for \$12 million. Telcare develops cellular-enabled glucose meters for diabetes patients. The company offers Telcare blood glucose monitoring (BGM) system, a 3G cellular-enabled blood glucose meter that transmits glucose values to a care-management server and provides feedback and coaching to patients with diabetes. The company was founded in 2008 and is based in Bethesda, Maryland. (December 1, 2016)

#### **Teleflex Incorporated Acquires Vascular Solutions, Inc.**

Teleflex Incorporated has acquired Vascular Solutions, Inc. for \$1 billion. Vascular Solutions is a medical device company that provides clinical solutions for treating coronary and peripheral vascular disease. The company's primary products include GuideLiner, a guide-extension catheter device for use in complex interventions, and Pronto, an extraction catheter for treating acute myocardial infarctions. The company was founded in 1996 and is based in Minneapolis, Minnesota. (December 2, 2016)

#### **Takara Bio USA Holdings, Inc. Acquires Rubicon Genomics, Inc.**

Takara Bio USA Holdings, Inc. has acquired Rubicon Genomics, Inc. for \$75 million. Rubicon Genomics develops nucleic acid library preparation and companion products that enable highly sensitive analysis of clinical research samples. It offers ThruPLEX DNA-seq Kit, a high sensitivity ligation-based amplification solution; ThruPLEX Tag-seq Kit, a high sensitivity ligation-based amplification with molecular tags; and ThruPLEX Plasma-seq Kit, a high sensitivity ligation-based amplification solution. The company was founded in 1998 and is based in Ann Arbor, Michigan. (December 15, 2016)

*\*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.



AGENTEK

has been recapitalized by



Edison  
VENTURE FUND

\$8,000,000 Series A Preferred Stock

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



This announcement appears as a matter of record only.



has acquired



BMS LLC  
BENEFIT MARKETING SOLUTIONS


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



This announcement appears as a matter of record only.


PROTECT Emergency  
Response Systems, Inc.

has been sold to



Lifeline  
Pharmaceutical Response and Support Services

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



"After five years in business providing "dependent eligibility" services to employers, it was time to merge our start-up operation into a larger organization to take advantage of operational synergies and growth opportunities. We interviewed a number of investment banking firms and FOCUS stood out as the most experienced and professional. We later learned that the professionalism and commitment to high quality service were consistent across the entire FOCUS team. We were also delighted when FOCUS research identified HMS, a public company operating in a related field, who had an interest in entering our service line. FOCUS provided invaluable wisdom and assistance throughout the due diligence process and right through to the closing day. We cannot recommend FOCUS highly enough." **Alan Rose**, Co-Founder and Principal, Verify Solutions, LLC

"The acquisition of Benefits Marketing Solutions was very important to the future of Alliance and was too important not to involve professionals who could ensure that the acquisition closed. From initial negotiation of the transaction terms to the deal closing, FOCUS professionals were there to assist us. They ensured that all of the necessary steps, from LOI to due diligence to agreement execution, were completed and successfully managed. The value FOCUS added was significant." **Robert Garces**, Chairman, Alliance HealthCard

"As a company founder who has built a bio-science business over 18 years, I selected FOCUS as our investment bank because of their biotechnology expertise and because of their understanding of the needs of an entrepreneur owner embarking on his first company sale. I was attracted to the fact that FOCUS offers a step-by-step process and worked closely with me every step of the way." **Marco Calzavara**, CEO, Bioline

"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

jonathan.wilfong@focusbankers.com  
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

john.bradshaw@focusbankers.com  
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.



### **Greg Hagfors**

*Senior Advisor*

Los Angeles, CA

greg.hagfors@live.com  
406-788-6532

Greg Hagfors, a healthcare executive for over 25 years, specializes in strategy development and deployment, operational and financial performance enhancement, and leadership development. He has an M.S. in Business Administration from Minnesota State University.



### **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*

Bend, OR

craig.ladkin@focusbankers.com  
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

les\_mace@bendcable.com  
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

michael.mcgregor@focusbankers.com  
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

barry.michael@focusbankers.com

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.

**James Snodgrass***Managing Director*

Atlanta

jim.snodgrass@focusbankers.com

678-879-3572

Jim Snodgrass is an astute business leader with experience driving multimillion-dollar revenue production and organizational change. Jim has a B.A. in Economics from Virginia Tech, an M.B.A. from Northwestern University Kellogg Graduate School of Management, and a J.D. from Chicago-Kent College of Law.

**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

## Investment Banking

### MID-ATLANTIC REGION

FOCUS Investment Banking LLC  
Headquarters  
1133 20th Street, NW  
Suite 200  
Washington, DC 20036  
202.785.9404  
202.785.9413 (fax)

### SOUTHEAST REGION

FOCUS Investment Banking LLC  
Atlanta Office  
3353 Peachtree Road, NE  
Suite 1160  
Atlanta, GA 30326  
404.504.8620  
404.814.9141 (fax)

### WESTERN REGION

FOCUS Investment Banking LLC  
Los Angeles Office  
355 South Grand Avenue  
Suite 2450  
Los Angeles, CA 90071  
213.943.1395  
213.943.1397 (fax)

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