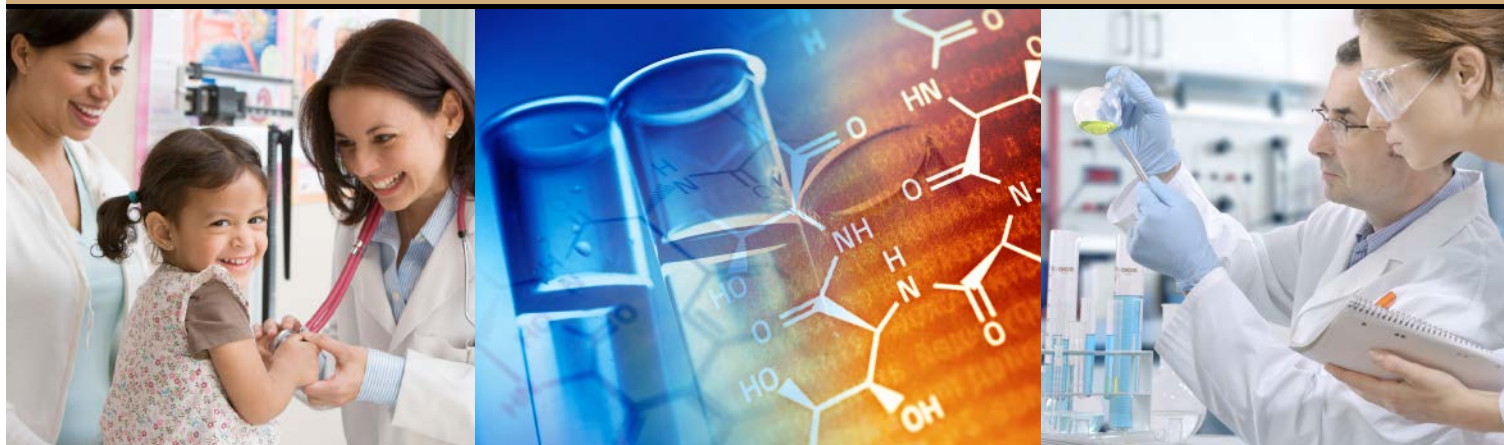


FOCUS Healthcare and Life Sciences Report



FOCUS

Strategic, Personal, Dedicated

Investment Banking

Spring 2017

Vol.5, No. 2

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
Turnaround Consulting
Corporate Finance
Strategic Advisory Services
Corporate Valuations
Strategic Partnering and Alliances

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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

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

On pages three and four, be sure to read the new article, "America's 2017 Healthcare Economy: A Year of Opportunity and Uncertainty," followed by two short sidebars discussing "Eight Ways to Improve Healthcare Deploying Three New Technologies—Artificial Intelligence (AI), Robotics, and Virtual Reality (VR)" and "How a Decade of Healthcare Trends Evolved: 2017 versus 2007."

Clearly, the way healthcare businesses operate is being changed—and challenged—by gee-whiz technologies expanding at a rapidly accelerating pace. Worldwide, the industry is being forced to adapt, to innovate, and to integrate these new technologies in a manner that delivers more value both to patients and to the business. There is lots to learn and even more to think about.

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 with your comments and suggestions.

America's 2017 Healthcare Economy:

*"A Year of Opportunity and Uncertainty"**

Virtually everyone working in healthcare today wants to create a patient-centered healthcare system that promotes choice, quality, and affordability. According to a PwC 2017 study of healthcare CEOs worldwide:

"These goals—patient-centrism, consumer choice, quality, affordability—are hallmarks of the pivot toward value-based care, one of the most powerful forces reshaping the industry."

"These activities will occur against a backdrop of uncertainty as the new administration's approach to healthcare takes shape. But the industry also will continue to be rich with opportunity, as forces greater than politics carry on its transformation."

Adapt! Innovate! Build!

Healthcare organizations industry-wide are being forced to adapt, unleashing a tsunami of fine-tuning powered by innovation and invention as they build new solutions to issues raised by the shift to a value-based ecosystem.

In Healthcare, the Speed of Change Is Accelerating

The 2017 PwC Survey concentrated on three imperatives: "Managing man and machine to create a workforce that's fit for the digital age; preserving organizational trust in a world of increasingly virtual interactions; and making globalization work for everyone by ensuring the benefits are distributed more fairly."

What's Important to 2017 Healthcare Executives

- 86% see technology reshaping competition in the next five years.
- 80% are worried about geopolitical uncertainty
- 79% have changed their people strategy to reflect the skills and employment structures they need for the future
- 73% believe the way their business handles data will be a positive differentiating factor in the future
- 71% are concerned about the speed of technological change
- 70% worry about shifts in customer behavior
- 59% are focused on new strategic alliances
- 59% are exploring the benefits and challenges of humans and machines working together

- 52% are considering the impact of artificial intelligence (AI) on future skills needs
- 52% are very confident about revenue growth over the next three years

How Healthcare Businesses Operate Is Being Reshaped By Technology

In fact, healthcare trailed other industries in adopting new technologies, but their disruptive power is vast—as vast as the opportunities they also reveal.

Medical equipment already has been impacted by new technologies and digitization, and now medical services are experiencing the effects of analytics and big data. In the coming decade, expect to witness the use of gee-whiz technologies such as Artificial Intelligence (AI), robotics, and Virtual Reality (VR). As the new PwC report notes:

"Twenty years ago, much of the technology now routinely employed in healthcare was still the stuff of science fiction: telemedicine; phone apps to improve fitness and monitor chronic conditions like diabetes; websites and communities for specific disease areas; wearables that monitor specific biometrics or symptoms and relay that information to a doctor; and handheld tricorder scanners that can capture, analyze, and report key health data."

In the immediate future, the winners in this section will be the healthcare firms that discover innovative ways to integrate the new technologies, rather than employing them piecemeal, delivering the most value both to patients and to the business.

"The Best of Times, The Worst of Times"

In 2016, political upheavals resulted in the rise of populist sentiments which may be leading to significant political instability—not the least of which is the ongoing U.S. debacle over healthcare. PwC's 2017 report concluded:

"It's becoming clear that a new business paradigm is needed to create a better and more harmonious and less divided planet... Now more than ever, all CEOs will have to balance the competing interests of shareholders and society, the tensions between short- and long-term thinking, and between the benefits and challenges of globalization."

*Based on data in the PricewaterhouseCoopers (PwC) 20th CEO Survey.

Eight Ways to Improve Healthcare

*Deploying Three New Technologies—Artificial Intelligence (AI), Robotics, and Virtual Reality (VR)**

Keeping Well

Health applications in AI and the Internet of Things are helping people both to manage care and to keep themselves well, and VR is a tool that can improve public health.

Diagnosis

Hospitals worldwide are beginning to use AI to help solve issues of misdiagnoses.

Early Detection

Various devices, wearables, and AI are being utilized to detect and monitor cardiac conditions and such diseases as cancer.

End of Life Care

By applying robotics, the elderly are beginning to track their progress, enabling them to remain more independent.

Treatment

A variety of healthcare applications are incorporating robotics today: surgery, psychological treatments, and self-management for patients with long-term conditions.

Training

Better comprehension and retention in healthcare training is resulting from the use of VR to supply realistic, accurate simulations.

Research

Digitization is helping healthcare professionals make faster decisions and discoveries than ever before—even leading to new jobs.

Decision Making

Innovations in predictive analytics is supporting clinical decision-making and delivering improved administration priorities and actions.

How A Decade of Healthcare Trends Evolved: 2017 vs. 2007**

Volume to Value

In 2017, volume to value is in full swing. CMS and private plans are nudging providers to take on more downside risk. (In 2007, CMS began to tie payments to quality and drive the industry toward greater transparency.)

Consumer-Directed Health Plans

Now, millions of Americans are in high-deductible health plans, and providers are modernizing their payments systems to handle a surge in consumer credit card charges. (In 2007, only three million Americans had consumer-directed health plans.)

Retail Clinics

In 2017, more than 3,000 retail clinics are in operation, and one in three consumers have visited one, prompting medical schools to rethink how they train doctors. (Ten years ago, only 90 retail clinics were in operation, and one in 10 consumers had visited one.)

Diet-Related Health Issues

Obesity and other diet-related health issues are addressed by health organizations and employers focusing on nutrition. (In 2007, obesity was the “new smoking,” with employer incentives to push employees to lose weight.)

Electronic Health Records

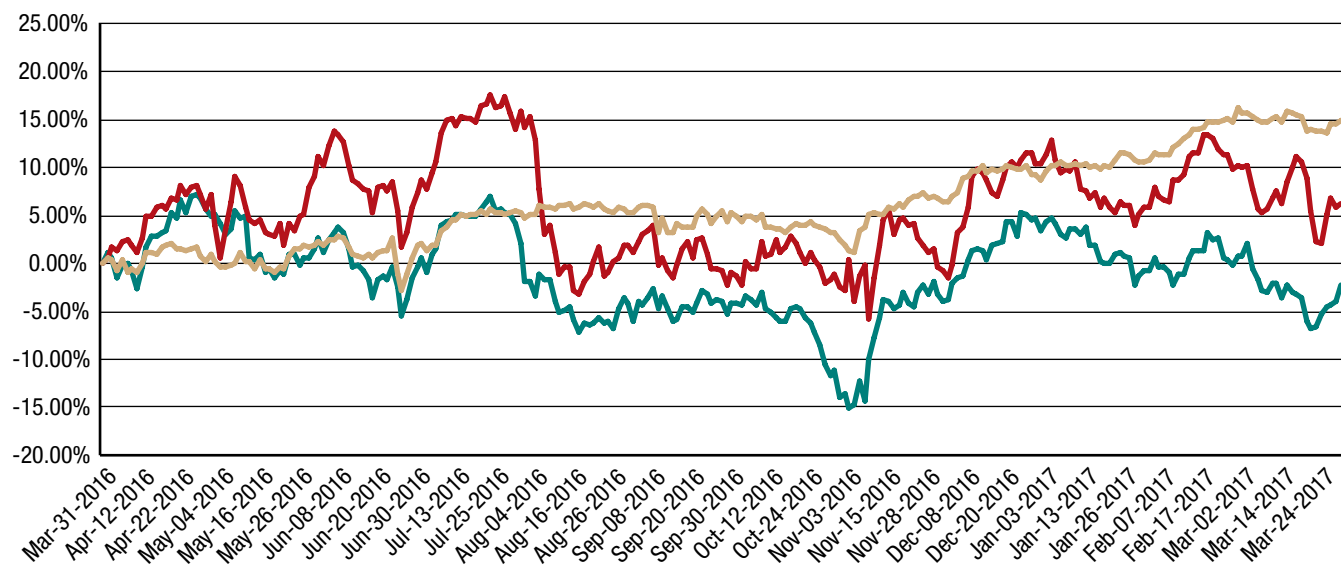
Today, nearly 90 percent of hospitals have basic electronic health records (EHRs), and the question is how to use technologies such as blockchain, drones, and artificial intelligence. (Ten years ago, the industry embarked on digitalization with fewer than 9 percent of hospitals having a basic EHR system.)

Drug Prices

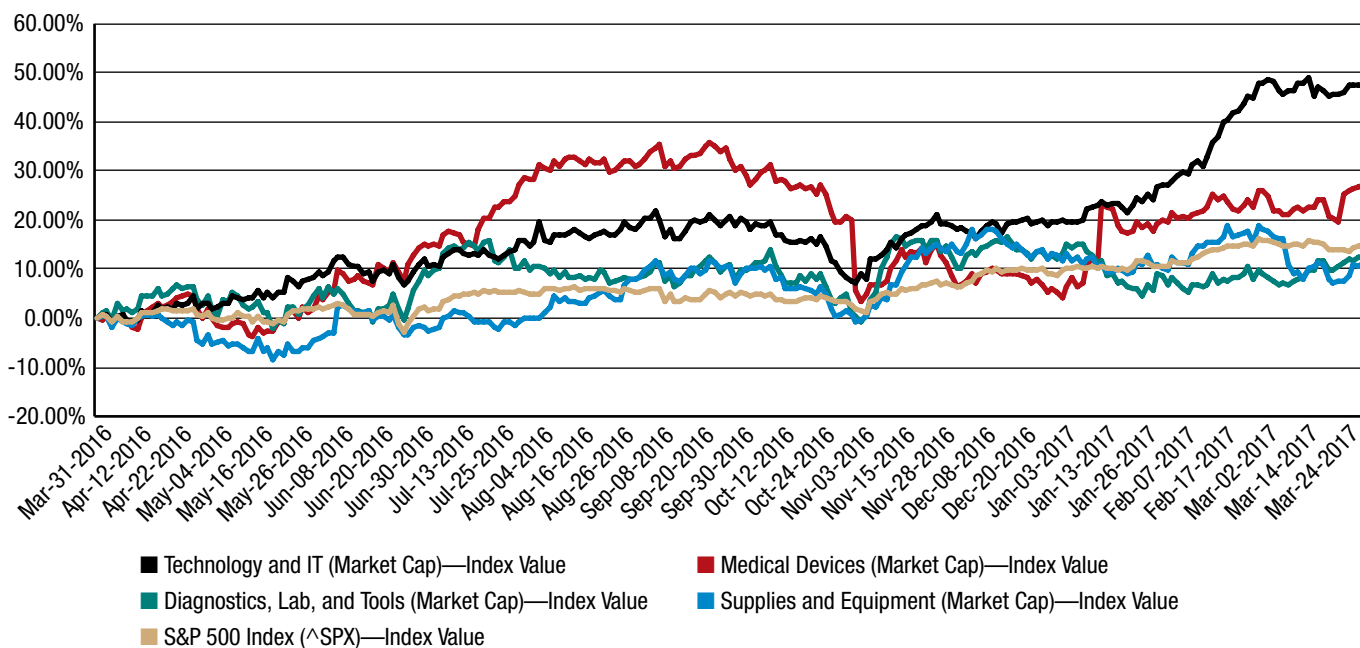
Today, drug prices again face public and political attention, and industry is moving to regulate itself in response. (In 2007, 42 blockbuster drug products lost their patents, representing \$82 billion in sales.)

**Based on PwC Health Research Institute's report highlighting forces that will have the most impact on the healthcare industry in 2017.

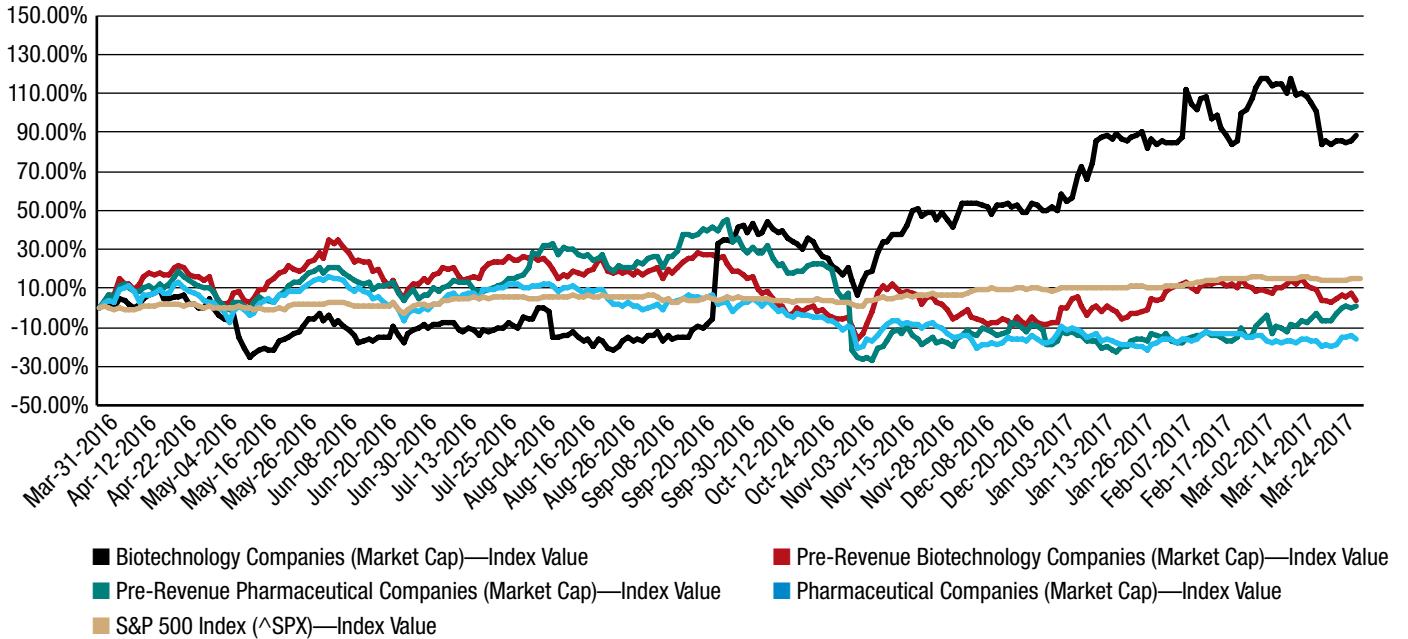
Performance: S&P 500 vs. Public Medical Service Companies (3/31/2016-3/31/2017)



Performance: S&P 500 vs. Public Medical Product Companies (3/31/2016-3/31/2017)



Performance: S&P 500 vs. Public Pharmaceutical and Biotechnology Companies (3/31/2016-3/31/2017)



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)	3,604.9	1,116.8	460.3	3.2X	7.8X	Dec-31-2016
Alimera Sciences, Inc. (NasdaqGM:ALIM)	162.2	34.3	(25.1)	4.7X	N/A	Dec-31-2016
Cumberland Pharmaceuticals, Inc. (NasdaqGS:CPIX)	65.0	33.0	1.0	2.0X	65.0X	Dec-31-2016
DepoMed Inc. (NasdaqGS:DEPO)	1,320.7	455.9	133.8	2.9X	9.9X	Dec-31-2016
Emergent BioSolutions, Inc. (NYSE:EBS)	1,178.2	488.8	154.1	2.4X	7.6X	Dec-31-2016
Horizon Pharma plc (NasdaqGS:HZNP)	3,698.2	981.1	268.7	3.8X	13.8X	Dec-31-2016
Impax Laboratories Inc. (NasdaqGS:IPXL)	1,584.1	824.4	179.2	1.9X	8.8X	Dec-31-2016
Lannett Company, Inc. (NYSE:LCI)	1,617.5	665.1	272.0	2.4X	5.9X	Dec-31-2016
Pacira Pharmaceuticals, Inc. (NasdaqGS:PCRX)	1,647.3	276.4	(19.2)	6.0X	N/A	Dec-31-2016
Pernix Therapeutics Holdings, Inc. (NasdaqGM:PTX)	302.1	140.9	(3.3)	2.1X	N/A	Dec-31-2016
Supernus Pharmaceuticals, Inc. (NasdaqGM:SUPN)	1,484.1	215.0	56.6	6.9X	26.2X	Dec-31-2016
VIVUS Inc. (NasdaqGS:VVUS)	90.1	124.3	56.8	0.7X	1.6X	Dec-31-2016
Summary Statistics						
High	\$3,698.2	\$1,116.8	\$460.3	6.9X	65.0X	
Low	\$65.0	\$33.0	(\$25.1)	0.7X	1.6X	
Mean	\$1,396.2	\$446.3	\$127.9	3.3X	16.3X	
Median	\$1,402.4	\$366.2	\$95.3	2.7X	8.8X	

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)	84.0	17.4	(29.9)	4.8X	N/A	Dec-31-2016
Acura Pharmaceuticals, Inc. (NasdaqCM:ACUR)	9.8	4.5	(6.2)	2.2X	N/A	Dec-31-2016
AVEO Pharmaceuticals, Inc. (NasdaqGS:AVEO)	53.1	2.5	(29.4)	21.2X	N/A	Dec-31-2016
BioDelivery Sciences International, Inc. (NasdaqCM:BDSI)	101.4	14.4	(62.5)	7.0X	N/A	Dec-31-2016
Imprimis Pharmaceuticals, Inc. (NasdaqCM:IMMY)	82.7	19.9	(14.1)	4.2X	N/A	Dec-31-2016
Zogenix, Inc. (NasdaqGM:ZGNX)	199.8	28.9	(61.1)	6.9X	N/A	Dec-31-2016
Summary Statistics						
High	\$199.8	\$28.9	(\$6.2)	21.2X	-	
Low	\$9.8	\$2.5	(\$62.5)	2.2X	-	
Mean	\$88.5	\$14.6	(\$33.9)	7.7X	-	
Median	\$83.4	\$15.9	(\$29.7)	5.9X	-	

Source: Capital IQ—stock prices as of 3/31/2017

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)	44.3	4.7	(22.8)	9.4X	N/A	Dec-31-2016
Array BioPharma Inc. (NasdaqGM:ARRY)	1,425.3	40.4	(84.5)	35.3X	N/A	Dec-31-2016
Cytori Therapeutics, Inc. (NasdaqCM:CYTX)	42.8	11.4	(18.5)	3.8X	N/A	Dec-31-2016
NewLink Genetics Corporation (NasdaqGM:NLNK)	573.1	35.8	(77.1)	16.0X	N/A	Dec-31-2016
Summary Statistics						
High	\$1,425.3	\$40.4	(\$18.5)	35.3X	-	
Low	\$42.8	\$4.7	(\$84.5)	3.8X	-	
Mean	\$521.4	\$23.1	(\$50.7)	16.1X	-	
Median	\$308.7	\$23.6	(\$50.0)	12.7X	-	

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)	3,645.0	17.3	(271.0)	210.7X	N/A	Dec-31-2016
Achillion Pharmaceuticals, Inc. (NasdaqGS:ACHN)	212.4	15.0	(63.9)	14.2X	N/A	Dec-31-2016
Discovery Laboratories Inc. (NasdaqCM:DSCO)	3,464.7	15.0	(145.9)	231.0X	N/A	Dec-31-2016
Neurocrine Biosciences Inc. (NasdaqGS:NBIX)	2.6	2.9	(6.7)	0.9X	N/A	Dec-31-2016
Opexa Therapeutics, Inc. (NasdaqCM:OPXA)	330.0	20.4	(63.0)	16.2X	N/A	Dec-31-2016
Rigel Pharmaceuticals, Inc. (NasdaqGS:RIGL)	14.3	0.4	(37.7)	35.8X	N/A	Dec-31-2016
TrovaGene, Inc. (NasdaqCM:TROV)	117.2	54.4	(14.7)	2.2X	N/A	Dec-31-2016
Vericel Corporation (NasdaqCM:VCEL)	30.2	2.0	(36.4)	15.1X	N/A	Dec-31-2016
Summary Statistics						
High	\$3,645.0	\$54.4	(\$6.7)	231.0X	-	
Low	\$2.6	\$0.0	(\$271.0)	0.9X	-	
Mean	\$977.1	\$15.9	(\$79.9)	65.7X	-	
Median	\$164.8	\$15.0	(\$50.4)	15.6X	-	

Source: Capital IQ—stock prices as of 3/31/2017

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)	75.1	120.2	(2.3)	0.6X	N/A	Dec-31-2016
DexCom, Inc. (NasdaqGS:DXCM)	7,191.0	573.3	(48.9)	12.5X	N/A	Dec-31-2016
Endologix Inc. (NasdaqGS:ELGX)	730.4	192.9	(67.5)	3.8X	N/A	Dec-31-2016
ICU Medical, Inc. (NasdaqGS:ICUI)	2,049.8	379.4	118.1	5.4X	17.4X	Dec-31-2016
LivaNova PLC (NasdaqGS:LIVN)	2,446.6	1,213.9	187.8	2.0X	13.0X	Dec-31-2016
Nxstage Medical, Inc. (NasdaqGS:NXTM)	1,704.3	366.4	14.7	4.7X	115.9X	Dec-31-2016
STAAR Surgical Company (NasdaqGM:STAA)	392.1	82.4	(9.8)	4.8X	N/A	Dec-30-2016
The Spectranetics Corporation (NasdaqGS:SPNC)	1,517.2	270.8	(15.0)	5.6X	N/A	Dec-31-2016
Summary Statistics						
High	\$7,191.0	\$1,213.9	\$187.8	12.5X	115.9X	
Low	\$75.1	\$82.4	(\$67.5)	0.6X	13.0X	
Mean	\$2,013.3	\$399.9	\$22.1	4.9X	48.8X	
Median	\$1,610.8	\$318.6	(\$6.1)	4.7X	17.4X	

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)	7.1	35.2	(0.6)	0.2X	N/A	Dec-31-2016
ATRION Corp. (NasdaqGS:ATRI)	814.5	143.5	48.1	5.7X	16.9X	Dec-31-2016
Bovie Medical Corporation (AMEX:BVX)	71.0	36.6	(3.1)	1.9X	N/A	Dec-31-2016
Cantel Medical Corp. (NYSE:CMN)	3,467.1	723.2	136.1	4.8X	25.5X	Jan-31-2017
Invacare Corporation (NYSE:IVC)	422.8	1,047.5	(5.7)	0.4X	N/A	Dec-31-2016
Retractable Technologies, Inc. (AMEX:RVP)	21.4	29.8	(2.2)	0.7X	N/A	Dec-31-2016
Sharps Compliance Corp. (NasdaqCM:SMED)	71.8	34.8	(0.1)	2.1X	N/A	Dec-31-2016
Summary Statistics						
High	\$3,467.1	\$1,047.5	\$136.1	5.7X	25.5X	
Low	\$7.1	\$29.8	(\$5.7)	0.2X	16.9X	
Mean	\$696.5	\$292.9	\$24.6	2.3X	21.2X	
Median	\$71.8	\$36.6	(\$0.6)	1.9X	21.2X	

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)	955.6	226.0	52.5	4.2X	18.2X	Dec-31-2016
Chembio Diagnostics, Inc. (NasdaqCM:CEMI)	54.6	17.9	(6.4)	3.1X	N/A	Dec-31-2016
CONMED Corporation (NasdaqGS:CNMD)	1,707.3	763.5	126.8	2.2X	13.5X	Dec-31-2016
Enzo Biochem Inc. (NYSE:ENZ)	326.2	105.6	(2.4)	3.1X	N/A	Jan-31-2017
Fluidigm Corporation (NasdaqGS:FLDM)	301.7	104.4	(66.5)	2.9X	N/A	Dec-31-2016
Genomic Health Inc. (NasdaqGS:GHDX)	975.8	327.9	(6.4)	3.0X	N/A	Dec-31-2016
Luminex Corporation (NasdaqGS:LMNX)	658.8	270.6	46.8	2.4X	14.1X	Dec-31-2016
Repligen Corporation (NasdaqGS:RGEN)	1,144.9	104.5	26.8	11.0X	42.7X	Dec-31-2016
Stereotaxis Inc. (NasdaqCM:STXS)	10.3	32.2	(5.9)	0.3X	N/A	Dec-31-2016
Summary Statistics						
High	\$1,707.3	\$763.5	\$126.8	11.0X	42.7X	
Low	\$10.3	\$17.9	(\$66.5)	0.3X	13.5X	
Mean	\$681.7	\$217.0	\$18.4	3.6X	22.1X	
Median	\$658.8	\$105.6	(\$2.4)	3.0X	16.1X	

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)	455.6	374.3	1.6	1.2X	284.8X	Dec-31-2016
Analogic Corporation (NasdaqGS:ALOG)	794.9	518.7	65.4	1.5X	12.2X	Jan-31-2017
Computer Programs & Systems Inc. (NasdaqGS:CPSI)	529.5	267.3	32.9	2.0X	16.1X	Dec-31-2016
Fonar Corp. (NasdaqCM:FONR)	111.3	90.2	19.0	1.2X	5.9X	Dec-31-2016
iCAD, Inc. (NasdaqCM:ICAD)	69.2	26.3	(7.9)	2.6X	N/A	Dec-31-2016
Masimo Corporation (NasdaqGS:MASI)	4,396.2	694.6	164.5	6.3X	26.7X	Dec-31-2016
Omniceil, Inc. (NasdaqGS:OMCL)	1,701.8	692.6	62.9	2.5X	27.1X	Dec-31-2016
Streamline Health Solutions, Inc. (NasdaqCM:STRM)	32.1	27.0	(2.7)	1.2X	N/A	Oct-31-2016
Summary Statistics						
High	\$4,396.2	\$694.6	\$164.5	6.3X	284.8X	
Low	\$32.1	\$26.3	(\$7.9)	1.2X	5.9X	
Mean	\$1,011.3	\$336.4	\$42.0	2.3X	62.1X	
Median	\$492.6	\$320.8	\$26.0	1.8X	21.4X	

Source: Capital IQ—stock prices as of 3/31/2017

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)	382.6	400.7	31.2	1.0X	12.3X	Dec-31-2016
Birner Dental Management Services Inc. (NasdaqCM:BDMS)	33.9	61.8	2.3	0.5X	14.7X	Dec-31-2016
Civitas Solutions, Inc. (NYSE:CIVI)	1,266.7	1,421.2	154.9	0.9X	8.2X	Dec-31-2016
Kindred Healthcare Inc. (NYSE:KND)	3,936.8	7,219.5	546.3	0.5X	7.2X	Dec-31-2016
Magellan Health, Inc. (NasdaqGS:MGLN)	1,960.3	4,836.9	237.4	0.4X	8.3X	Dec-31-2016
Providence Service Corp. (NasdaqGS:PRSC)	899.3	884.5	107.5	1.0X	8.4X	Dec-31-2016
RadNet, Inc. (NasdaqGM:RDNT)	1,175.3	1,654.9	119.3	0.7X	9.9X	Dec-31-2016
The Ensign Group, Inc. (NasdaqGS:ENSG)	606.5	1,578.9	74.2	0.4X	8.2X	Dec-31-2016
US Physical Therapy Inc. (NYSE:USPH)	892.5	348.4	59.8	2.6X	14.9X	Sep-30-2016
Summary Statistics						
High	\$3,936.8	\$7,219.5	\$546.3	2.6X	14.9X	
Low	\$33.9	\$61.8	\$2.3	0.4X	7.2X	
Mean	\$1,239.3	\$2,045.2	\$148.1	0.9X	10.2X	
Median	\$899.3	\$1,421.2	\$107.5	0.7X	8.4X	

Other Services

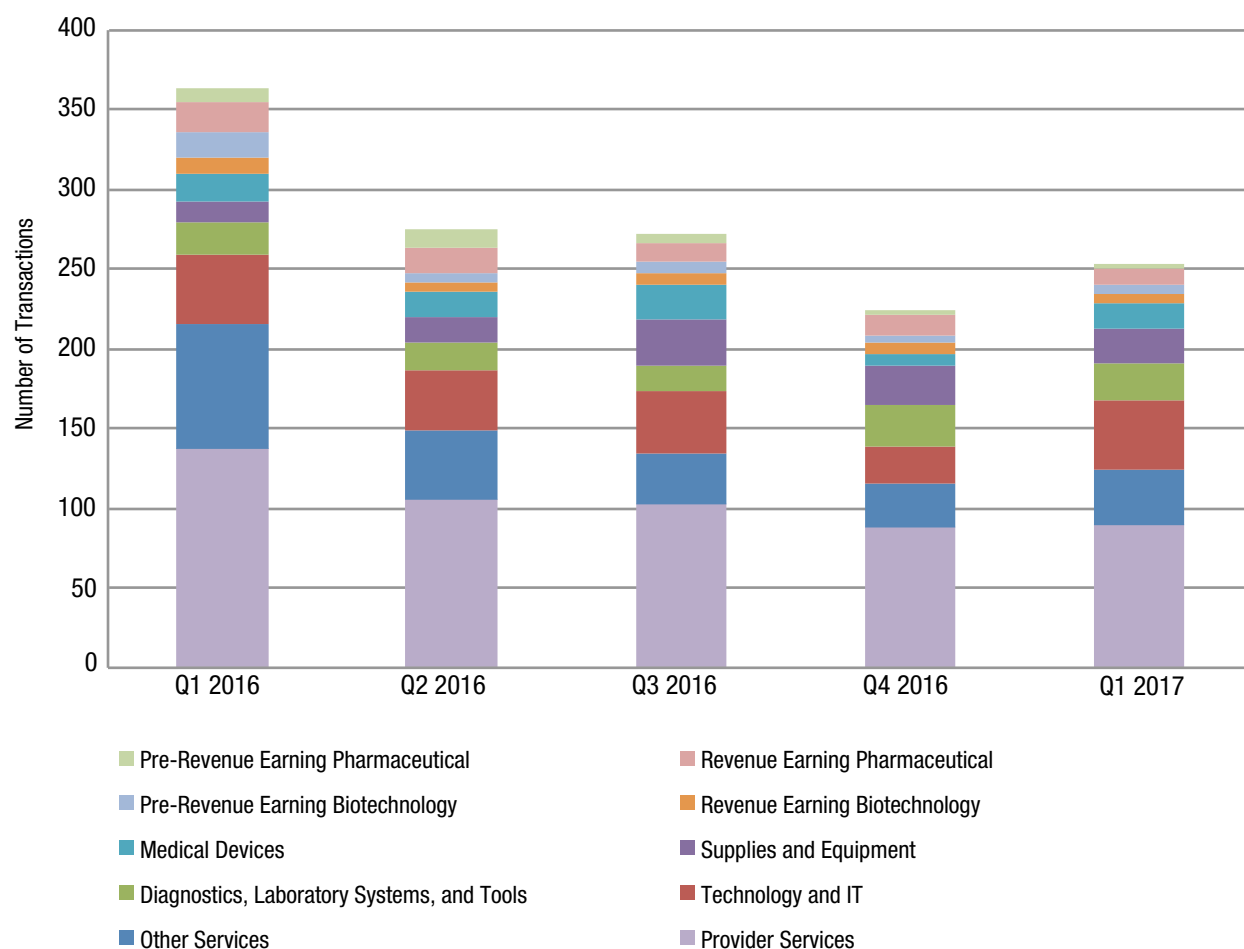
Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
Albany Molecular Research Inc. (NasdaqGS:AMRI)	1,173.8	570.5	44.1	2.1X	26.6X	Dec-31-2016
AMN Healthcare Services Inc. (NYSE:AHS)	2,295.3	1,902.2	221.3	1.2X	10.4X	Dec-31-2016
Bioanalytical Systems Inc. (NasdaqCM:BASI)	16.5	21.7	N/A	0.8X	N/A	Dec-31-2016
Cross Country Healthcare, Inc. (NasdaqGS:CCRN)	540.6	833.5	41.3	0.6X	13.1X	Dec-31-2016
National Research Corp. (NasdaqGS:NRCI.B)	521.1	109.4	35.4	4.8X	14.7X	Dec-31-2016
PDL BioPharma, Inc. (NasdaqGS:PDLI)	370.4	197.7	149.5	1.9X	2.5X	Dec-31-2016
Summary Statistics						
High	\$2,295.3	\$1,902.2	\$221.3	4.8X	26.6X	
Low	\$16.5	\$21.7	\$35.4	0.6X	2.5X	
Mean	\$819.6	\$605.8	\$98.3	1.9X	13.5X	
Median	\$530.9	\$384.1	\$44.1	1.5X	13.1X	

Source: Capital IQ—stock prices as of 3/31/2017

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 (Q1 2016 to Q1 2017)



Source: Capital IQ

Recent and Notable Healthcare Industry Transactions

Selected Healthcare Transactions Q1 2017

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

Castlight Health, Inc. Acquires Jiff, Inc.

Castlight Health, Inc. has acquired Jiff, Inc. for \$153 million. Jiff provides a HIPAA-compliant social network and digital health platform for the healthcare industry. Its platform allows consumers and healthcare professionals to build personalized and private communities of care in a HIPAA-compliant environment that connects people to their healthcare providers. The company was founded in 2010 and is based in Palo Alto, California. (January 4, 2017)

TridentUSA Health Services, LLC Acquires Schryver Medical Sales and Marketing, LLC

TridentUSA Health Services, LLC has acquired Schryver Medical Sales and Marketing, LLC for an undisclosed amount. Schryver Medical, a diagnostic services company, provides phlebotomy, laboratory and imaging services to post-acute and long-term care patients. It offers laboratory services; imaging services that include X-ray, ultrasound, electrocardiography, holter monitoring, bone densitometry, and ABI services; tracheotomy care, patient assessments, CPAP, BiPAP set-ups, pulse oximetry and nocturnal sleep studies. The company was founded in 1993 and is based in Denver, Colorado. (January 10, 2017)

Eli Lilly and Company Acquires CoLucid Pharmaceuticals, Inc.

Eli Lilly and Company has acquired CoLucid Pharmaceuticals, Inc. for \$960 million. CoLucid Pharmaceuticals develops small molecules for the treatment of migraine headaches. Its leading product candidate is Lasmiditan, an oral tablet that is in Phase III clinical trials for the acute treatment of migraine headaches in adults. The company was founded in 2005 and is based in Cambridge, Massachusetts. (January 18, 2017)

Viscardia, Inc. Acquires Inovise Medical, Inc.

Viscardia, Inc. has acquired Inovise Medical, Inc. for an undisclosed amount. Inovise Medical is a cardiac diagnostic company that manufactures medical equipment. It offers AUDICOR Technology, which combines the concept of auscultation with techniques for detecting, recording, documenting and analyzing the heart sounds associated with normal and abnormal cardiac function; and AUDICOR AM, an acoustic cardiograph recorder for chronic assessment of heart failure. The company was founded in 1997 and is based in Beaverton, Oregon. (February 1, 2017)

Quotient Clinical Ltd. Acquires QS Pharma, LLC

Quotient Clinical Ltd. has acquired QS Pharma, LLC for \$75 million. QS Pharma provides contract development/research and clinical/commercial manufacturing services for the pharmaceutical and biopharmaceutical companies. It provides NCE screening and identification, pre-formulation characterization, preclinical and toxicology, formulation development, clinical trial materials, high potency manufacturing, analytical and commercial manufacturing services. The company was founded in 2002 and is based in Boothwyn, Pennsylvania. (February 14, 2017)

ACE Surgical Supply Co., Inc. Acquires Southern Anesthesia & Surgical, Inc.

ACE Surgical Supply Co., Inc. has acquired Southern Anesthesia & Surgical, Inc. for an undisclosed amount. Southern Anesthesia & Surgical distributes anesthesia supplies and pharmaceuticals. Its offerings include surgical supplies, IV administration products, disposables, dental supplies, pharmaceutical accessories, emergency response products, sterilization products, infection control products, instruments, burs and bone grafting. The company was founded in 1984 and is based in West Columbia, South Carolina. (February 20, 2017)

U.S. Healthworks, Inc. Acquires Premier COMP Medical Group, Inc.

U.S. Healthworks, Inc. has acquired Premier COMP Medical Group, Inc. for an undisclosed amount. Premier COMP Medical Group provides occupational medical services. It offers physical examinations, travel, drug and alcohol screening, injury care, injury prevention, testing and immunization services. The company was founded in 2011 and is based in Pleasanton, California. (March 6, 2017)

Heat Biologics, Inc. Acquires Pelican Therapeutics, Inc.

Heat Biologics, Inc. has acquired Pelican Therapeutics, Inc. for \$48 million. Pelican Therapeutics researches and develops immuno-oncology therapeutic antibodies. The company develops agonists to TNFRSF25, a T cell costimulatory receptor. Its products include PTX-25, a humanized monoclonal antibody for the stimulation of 'memory' CD8+ cytotoxic T cells which are responsible for eliminating tumor cells in patients. The company was founded in 2009 and is based in Austin, Texas. (March 8, 2017)

Recent and Notable Healthcare Industry Transactions (continued)

Selected Healthcare Transactions Q4 2016

PTC Therapeutics, Inc. Acquires the Emflaza product line from Marathon Pharmaceuticals, LLC

PTC Therapeutics, Inc. has acquired the Emflaza product line from Marathon Pharmaceuticals, LLC for \$190 million. The Emflaza product line is the first treatment approved in the U.S. for Duchenne Muscular Dystrophy (DMD) for patients 5 years and older, regardless of genetic mutation. This acquisition aligns with PTC's commitment to advancing medicine for DMD patients. The Emflaza product line was approved by the FDA on February 9, 2017. (March 16, 2017)

Daré Bioscience, Inc. Acquires Cerulean Pharma Inc.

Daré Bioscience, Inc. has acquired Cerulean Pharma Inc. for an undisclosed amount. Cerulean Pharma develops nanotechnology based therapeutics in the areas of oncology and other diseases. The company's leading product candidate is CRLX101, a tumor targeting nanoparticle-drug conjugate (NDC), which is in Phase 2 clinical development in patients with renal cell carcinoma; and the drug is also in Phase 2 and Phase 1b clinical development in patients with ovarian cancer. The company was founded in 2005 and is based in Waltham, Massachusetts. (March 20, 2017)

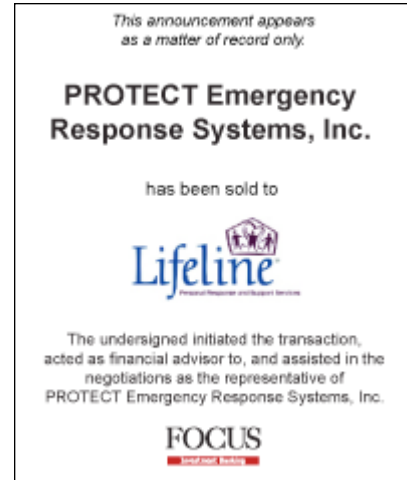
**Source: Transaction material sourced from S&P Capital IQ Database and mergermarket.com*

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>FOCUS 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>FOCUS 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 & Family Ministries.</p> <p>FOCUS 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>FOCUS 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>FOCUS 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>FOCUS 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>FOCUS 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>FOCUS 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>FOCUS 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



"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*
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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

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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

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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.



Gareth Clarke

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Mr. Clarke is a seasoned, internationally experienced CEO with a background featuring strong strategic, financial and marketing skills with a particular emphasis on the healthcare sector. Mr. Clarke currently serves as Chairman & CEO at Innovation Technologies Inc. a privately held medical device company, marketing Irrisept, a product focused upon reducing surgical site infections.



Greg Hagfors

Senior Advisor

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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

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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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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

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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**

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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**

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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.

**Fred Rock**

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Fred Rock has more than 30 years experience, advising clients on strategic and operations planning, including evaluating, financing, and structuring new or growing business ventures, as well as executing acquisitions and sales of businesses in manufacturing, energy, franchising, and distribution sectors. Mr. Rock, a Certified Public Accountant (CPA), has a B.S. in Accounting from Syracuse University and completed the Wharton School of Business, University of Pennsylvania, Advanced Management Training.

**Douglas E. Rodgers**

CEO and Energy Team Leader
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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*
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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**

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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**

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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**

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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.

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