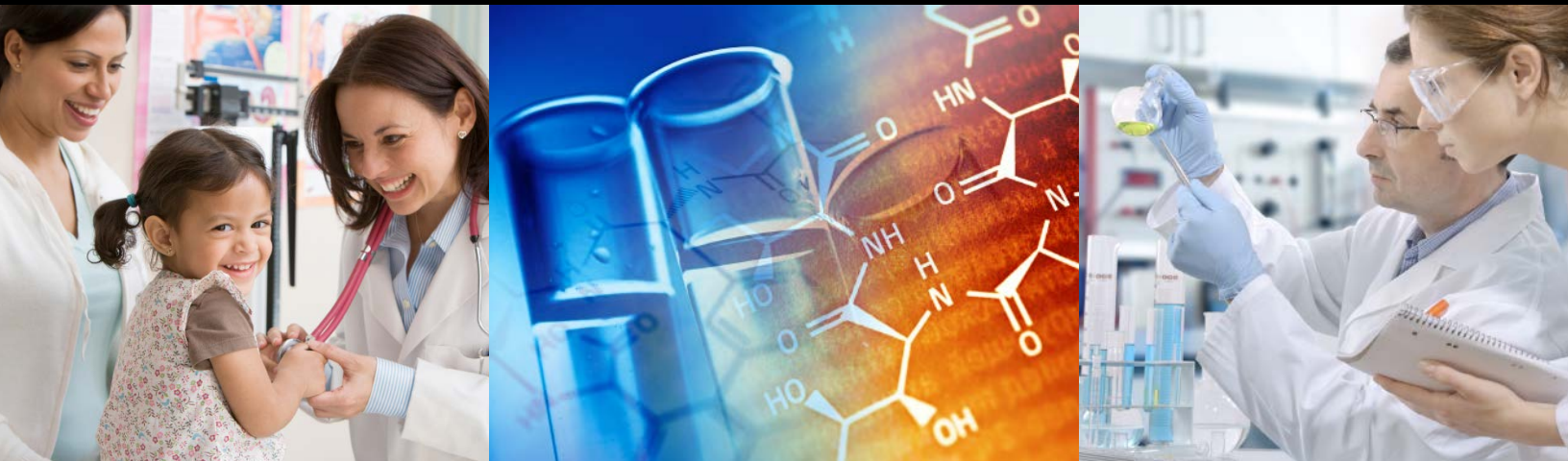


FOCUS Healthcare and Life Sciences Report



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- 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 Team, I'm pleased to introduce the Summer 2019 issue of the *FOCUS Healthcare and Life Sciences Report*.

Our featured article this issue is "The Instant, Custom, Connected Future of Medical Devices," originally published in *The New York Times* in February 2019. The article addresses the advances being made in connecting and customizing medical devices to meet the needs of individual patients.

When Jeff Dachis suddenly and unexpectedly learned he had Type 1 diabetes at the age of 46 in September 2013, he was stunned. After all, he ran marathons, followed a healthy diet and never had an inkling of any medical troubles during previous annual physicals.

"I went to the doctor, got about six minutes with a nurse practitioner, an insulin pen, a prescription, and a pat on the back, and I was out the door," Mr. Dachis said. "I was terrified. I had no idea what this condition was about or how to address it."

Feeling confused and scared, he decided to leverage his expertise in digital marketing, technology, and big data analytics to create a company, One Drop, that helps diabetics understand and manage their disease.

The One Drop system combines sensors, an app, and a Bluetooth glucose meter to track and monitor a diabetic's blood glucose levels, food, exercise, and medication. It uses artificial intelligence to predict the person's blood glucose level over the next 24 hours and even suggests ways the person can control fluctuations. Users can also text a diabetes coach with questions in real time.

With 30 million Americans living with diabetes, Mr. Dachis said he knew the potential market for his technology was big. Indeed, more than one million people have downloaded the app to date, he said.

One Drop is among a surging number of companies that are using "internet of things," also known as IoT, technology to create new treatments in the health care sector.

"Advances like robotics, nanotechnology, genetic engineering, 3-D printing, artificial intelligence, and IoT are fueling an exciting era within health care innovation," said Jeff Becker, a senior analyst and health care IT expert at Forrester. "Many of these efforts will undoubtedly fall flat, but some could end up as transformative as the X-ray itself."

And consumers are paying attention.

About 79 percent of consumers surveyed in the United States said technology is important to managing their health, according to a 2019 report by Accenture.

Please read, learn, and enjoy this article about the connected future of medical devices.

Is Now the Right Time to Consider an ESOP?

Late last year, FOCUS adopted an ESOP—an employee stock ownership plan form of corporate structure—because an ESOP afforded our Partners an opportunity to redeem their capital accounts while keeping our existing organization intact without any changes to our culture, organization, benefit plans, or management team. In effect, the ESOP allows us to maintain our business model and keep our procedures the same as they were prior to the transaction.

If you'd like to learn more about the advantages, the process, and FOCUS' experience with our new ESOP, please contact us for a confidential no-cost consultation to explore the many technical, tax, and cost factors to consider. To read more, go to <https://focusbankers.com/esop-from-an-adopters-view/>

At FOCUS, we continue to witness consolidation activity and private equity interest in historically highly fragmented ancillary healthcare service areas. These include care for the disabled, elderly, and those with substance dependence; and areas focused on data and genetic analytics.

There also is robust M&A activity in the medical device and IT markets, while consolidation of multi-location medical and dental practices continues to show strength. While the number of mega-deals may be down, we expect the middle market to remain very strong throughout the rest of 2019.

We hope you enjoy this issue of our report.

FOCUS Healthcare and Life Sciences Team

The FOCUS Healthcare and Life Sciences Team 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 to manage your transaction from initial consulting to deal initiation to a successful close, with experienced, professional guidance at every step of the process.

The Instant, Custom, Connected Future of Medical Devices

By Janet Morrissey, *The New York Times**

When Jeff Dachis suddenly and unexpectedly learned he had Type 1 diabetes at the age of 46 in September 2013, he was stunned. After all, he ran marathons, followed a healthy diet and never had an inkling of any medical troubles during previous annual physicals.

“I went to the doctor, got about six minutes with a nurse practitioner, an insulin pen, a prescription and a pat on the back, and I was out the door,” Mr. Dachis said. “I was terrified. I had no idea what this condition was about or how to address it.”

Feeling confused and scared, he decided to leverage his expertise in digital marketing, technology and big data analytics to create a company, One Drop, that helps diabetics understand and manage their disease.

The One Drop system combines sensors, an app, and a Bluetooth glucose meter to track and monitor a diabetic’s blood glucose levels, food, exercise and medication. It uses artificial intelligence to predict the person’s blood glucose level over the next 24 hours and even suggests ways the person can control fluctuations, such as walking or exercising to offset high sugar levels—or eating a candy bar to raise low glucose levels. Users can also text a diabetes coach with questions in real time.

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And consumers are paying attention.

About 79 percent of consumers surveyed in the United States said technology is important to managing their health, according to a 2019 report by Accenture.

The latest tech-related medical treatment advances run the gamut from implants that help paralyzed people walk to smart pills that detect when patients fail to take their medication.

Spinal cord research took a major step forward when a 29-year-old man, who had been paralyzed from the chest down since a snowmobile accident in 2013, was able to walk the distance of a football field with the help of a rolling walker. The milestone, which was published in *Nature Medicine* last fall, came after a team of researchers at the Mayo Clinic implanted an epidural electrical stimulator device into the man’s lower spine and gave him six months of intensive physical therapy.

continued on page 4

“This is a revolutionary breakthrough,” said Kendall Lee, a neurosurgeon and director of neural engineering laboratories at the Mayo Clinic. He said the device had so far been successfully implanted in two people.

While the implant isn’t a cure, it offers hope to millions of paralyzed people around the world. But Dr. Lee was careful to note that the technology is still some time away from being publicly available.

“We were able to do the study under the F.D.A.’s investigational device exemption,” Dr. Lee said. “This is not something for the general population yet.”

At least three different research groups—Mayo Clinic, University of Louisville and the University of California, Los Angeles — are now aggressively expanding their trials to include more patients.

Then there’s the smart pill. The World Health Organization estimated that 50 percent of people with chronic diseases in developed countries fail to take their medicines as prescribed, whether from forgetfulness, concern about side effects or other reasons.

This noncompliance costs the health care system in the United States from \$100 billion to \$290 billion a year from emergency room visits, hospital stays and other costs related to worsening medical conditions, according to the Network for Excellence in Health Innovation.

AdhereTech built a smart pill bottle that alerts patients when it’s time to take a medication and sends an automated text or phone message if they miss a dose in real time. But it only tracks the use and contents of the bottle, so there’s no definitive way to detect whether a person has actually swallowed the pill.

The pharmaceutical maker Otsuka goes a step further: It worked with Proteus Digital Health to create a digital smart pill for Otsuka’s Abilify medication, which is used to treat schizophrenia, bipolar disorder and depression. The Abilify MyCite pill, which will be rolled out in the next few months, is embedded with a sensor that’s activated by stomach acids. The sensor is tracked by a patch worn on the person’s stomach, which then sends the information to a smartphone app, where the patient and doctor can track when the medication was taken—and even send notifications if it hasn’t.

But the technology goes far beyond pill-taking reminders, said Andrew Thompson, co-founder, president and chief executive of Proteus Digital Health. The sensor patch also tracks physical activity, heart rate, rest patterns and other metrics, which will help doctors and patients know whether a medication is working and the right dose has been prescribed.

The Abilify MyCite pill doesn’t come cheap: It will cost \$1,650 a month, significantly more than the \$30-to-\$40-a-month cost of a generic version of the Abilify pill. However, most patients would only take the digital pill for two to three months — just enough time to collect data on pill-taking adherence, dosage and health impact to revise a treatment plan, Andrew Wright, Otsuka’s vice president of Digital Medicine, said.

Efforts are now underway for both Proteus and Otsuka to add the technology to pills for other chronic conditions. Mr. Thompson believes it’s the future.

“Years from now your grandchildren or your children will be incredulous that you put things into your body and didn’t know if they were real or fake, the right dose or the wrong dose, in-date or out-of-date,” Mr. Thompson said. “So yes, eventually this will be in every drug everywhere.”

In the world of prosthetics, scientists have found a way for tetraplegics — those paralyzed from the neck down — to feel touch by electrically stimulating parts of the brain. Paralysis can mean the loss of both control and feeling in affected areas, and while prosthetics can return motor function, sensing requires treatment of the nervous system itself.

Initially, the challenge seemed daunting, considering the brain contains 100 billion neurons, and matching up the neurons that control sensory nerves with the prosthetic hands and arms was tough, said Sliman Bensmaia, an associate professor in the department of organismal biology and anatomy at the University of Chicago, who was part of the research team. But after surgically placing an electrode implant into the brain, the team was able to electrically stimulate the portions of the brain that controlled sensation, allowing the patient to feel the size, shape and texture of objects and to tell when a finger was touched.

Plans are now in the works to expand human trials at the University of Pittsburgh, Johns Hopkins University and

the University of Chicago. The biggest challenge now? Making the brain implant wireless and upgrading it so that it doesn't wear out after five years.

"You can't be having brain surgery every few years," Dr. Bensmaia said. "We need an array or implant technology that lasts a lifetime."

Dr. Bensmaia said the brain implant technology could someday have far-reaching applications, such as improving memory or retrieving information faster.

Another hot area: The use of 3-D printers to create patient-specific medical devices, like knee joints and spinal implants. The printers make it faster, easier and cheaper to make customized medical devices based on a patient's M.R.I. and C.T. scans.

"They can be made in one-fifth to one-tenth" of the time that traditional custom-made devices are made, said Scott Hollister, a professor in the department of biomedical engineering at the Georgia Institute of Technology and Emory University. And 3-D printed devices often fit far better, cause fewer complications and require a shorter recovery period than off-the-shelf joint replacements that come in sizes small, medium and large.

At least 80 3-D-printed devices have received F.D.A. approval as of 2016, although their use has largely been confined to academic and research hospitals.

While many of these breakthrough technologies have shown promise in clinical trials, experts caution there's no guarantee they'll ever make it to market.

Mr. Becker, the Forrester analyst, cited the disastrous example of Theranos, which made false claims for years

that it had a revolutionary blood-testing technology that only required a small amount of blood. The company raised more than \$700 million, was valued at \$9 billion at its peak in 2014, and made its founder Elizabeth Holmes a billionaire, before collapsing after scientists and regulators discovered the technology didn't work.

"Theranos is the pockmark of health care I.T.," Mr. Becker said.

But sometimes it's not malicious—it's just promising science that doesn't pan out.

In 2014, the Google X lab, now called Verily, unveiled news—with much fanfare—that it was developing a smart contact lens that could monitor blood glucose levels in real-time by measuring tear fluid in the eye. The company's partner on the project, Novartis, said it expected to have the device on store shelves within five years.

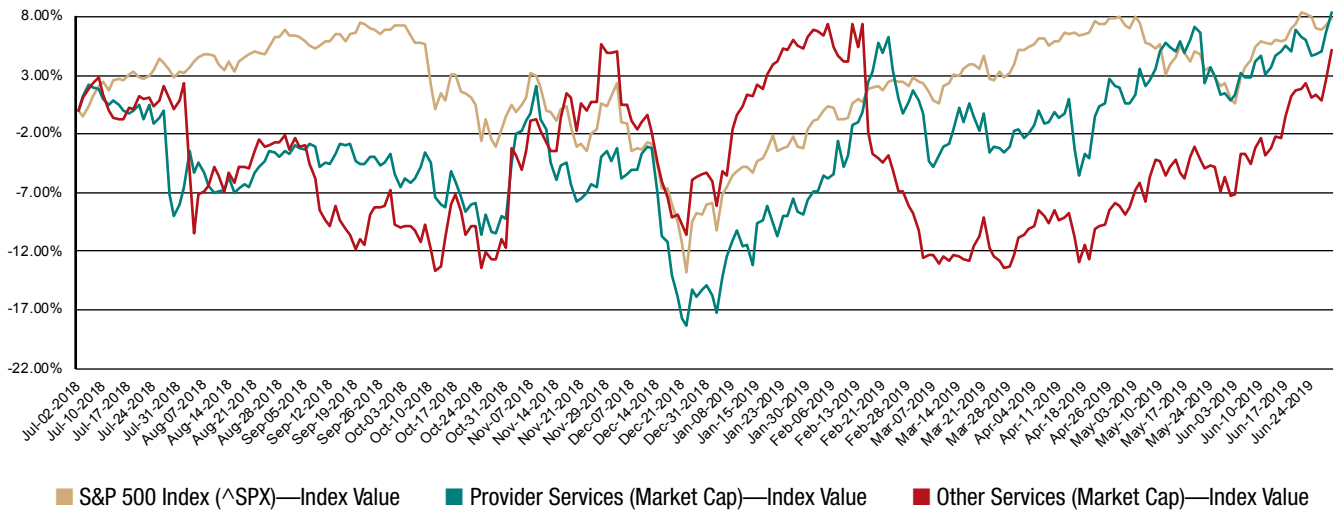
"This was huge news—the holy grail of life sciences—it was something that everybody wanted to be the first to bring to market," Mr. Becker said.

But then, "we all waited for updates and nothing came—just radio silence." Last November, the company announced that the project had been scrapped because of inconsistent testing results.

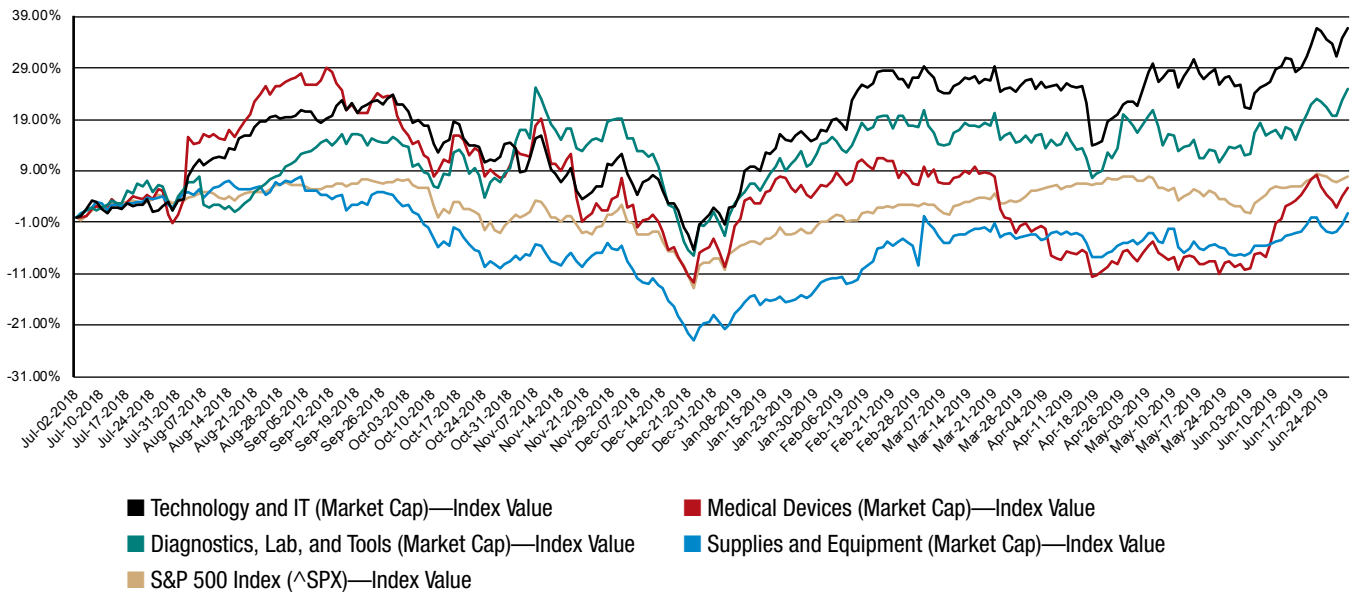
"So, clearly the science wasn't there," Mr. Becker said. "They prematurely announced it, got excited about it, they made a big splash, and it was all for naught."

**Reprinted with written permission from the Feb. 14, 2019 issue of The New York Times.*

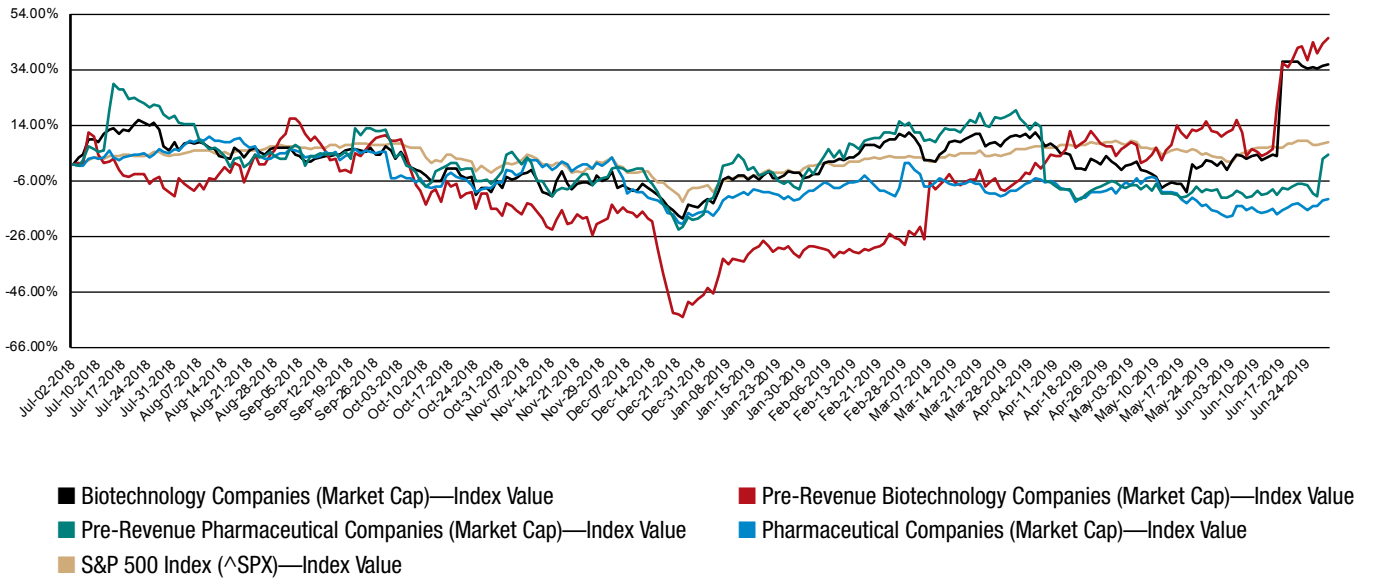
Performance: S&P 500 vs. Public Medical Service Companies (6/30/2018-6/30/2019)



Performance: S&P 500 vs. Public Medical Product Companies (6/30/2018-6/30/2019)



Performance: S&P 500 vs. Public Pharmaceutical and Biotechnology Companies (6/30/2018-6/30/2019)



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)	1,179.9	675.8	(64.4)	1.7X	N/A	Mar-31-2019
Alimera Sciences, Inc. (NasdaqGM:ALIM)	117.7	50.2	(3.0)	2.3X	N/A	Mar-31-2019
Assertio Therapeutics, Inc. (NasdaqGS:ASRT)	639.9	241.3	109.5	2.7X	5.8X	Mar-31-2019
BioDelivery Sciences International, Inc. (NasdaqGM:BDSI)	359.9	64.1	(11.0)	5.6X	N/A	Mar-31-2019
Emergent BioSolutions, Inc. (NYSE:EBS)	2,798.0	855.2	168.8	6.0X	30.2X	Mar-31-2019
Horizon Therapeutics Public Limited Company (NasdaqGS:HZNP)	5,103.2	1,264.1	98.4	0.6X	8.0X	Mar-31-2019
Lannett Company, Inc. (NYSE:LCI)	784.5	692.5	198.7	2.3X	8.0X	Mar-31-2019
Pacira BioSciences, Inc. (NasdaqGS:PCRX)	1,588.5	354.0	39.4	4.9X	44.2X	Mar-31-2019
Supernus Pharmaceuticals, Inc. (NasdaqGM:SUPN)	1,742.0	403.9	145.5	0.6X	1.6X	Mar-31-2019
VIVUS Inc. (NasdaqGS:VVUS)	226.7	69.3	9.1	3.3X	24.9X	Mar-31-2019
Summary Statistics						
High	\$5,103.2	\$1,264.1	\$198.7	6.0X	44.2X	
Low	\$117.7	\$50.2	(\$64.4)	0.6X	1.6X	
Mean	\$1,454.0	\$467.0	\$69.1	3.0X	17.5X	
Median	\$982.2	\$379.0	\$68.9	2.5X	8.0X	

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)	148.4	2.1	(39.0)	70.7X	N/A	Mar-31-2019
Corbus Pharmaceuticals Holdings, Inc. (NasdaqGM:CRBP)	325.6	5.8	(70.8)	56.1X	N/A	Mar-31-2019
NewLink Genetics Corporation (NasdaqGM:NLNK)	(51.1)	2.7	(52.1)	N/A	N/A	Mar-31-2019
Zogenix, Inc. (NasdaqGM:ZGNX)	1,548.9	-	(143.8)	N/A	N/A	Mar-31-2019
Summary Statistics						
High	\$1,548.9	\$5.8	(\$39.0)	70.7X	-	
Low	(\$51.1)	-	(\$143.8)	56.1X	-	
Mean	\$493.0	\$2.7	(\$76.4)	63.4X	-	
Median	\$237.0	\$2.4	(\$61.5)	63.4X	-	

Source: Capital IQ—stock prices as of 6/30/2019

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
AC Immune SA (NasdaqGM:ACIU)	144.1	81.9	23.3	1.8X	3.5X	Mar-31-2019
Array BioPharma Inc. (NasdaqGM:ARRY)	10,031.6	194.0	(116.8)	51.7X	N/A	Mar-31-2019
Momenta Pharmaceuticals, Inc. (NasdaqGS:MNTA)	681.7	74.9	(147.4)	9.1X	N/A	Mar-31-2019
United Therapeutics Corporation (NasdaqGS:UTHR)	2,787.3	1,601.2	(116.6)	1.7X	N/A	Mar-31-2019
Summary Statistics						
High	\$10,031.6	\$1,601.2	\$23.3	51.7X	3.5X	
Low	\$144.1	\$74.9	(\$147.4)	1.7X	3.5X	
Mean	\$3,411.2	\$488.0	(\$89.4)	16.1X	3.5X	
Median	\$1,734.5	\$138.0	(\$116.7)	5.4X	3.5X	

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
Achillion Pharmaceuticals, Inc. (NasdaqGS:ACHN)	80.5	-	(72.8)	N/A	N/A	Mar-31-2019
ArQule Inc. (NasdaqGM:ARQL)	1,165.5	23.0	(20.0)	50.7X	N/A	Mar-31-2019
TrovaGene, Inc. (NasdaqCM:TROV)	2.4	0.4	(15.0)	6.0X	N/A	Mar-31-2019
Windtree Therapeutics, Inc. (OTCPK:WINT)	153.1	1.6	(17.8)	95.7X	N/A	Mar-31-2019
Summary Statistics						
High	\$1,165.5	\$23.0	(\$15.0)	95.7X	-	
Low	\$2.4	\$0.0	(\$72.8)	6.0X	-	
Mean	\$350.4	\$8.3	(\$31.4)	50.8X	-	
Median	\$116.8	\$1.6	(\$18.9)	50.7X	-	

Source: Capital IQ—stock prices as of 6/30/2019

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
Apollo Endosurgery, Inc. (NasdaqGM:APEN)	72.7	58.3	(24.8)	1.2X	N/A	Mar-31-2019
Avanos Medical, Inc. (NYSE:AVNS)	1,877.7	660.1	34.7	2.8X	54.1X	Mar-31-2019
Cardiovascular Systems, Inc. (NasdaqGS:CSII)	1,435.5	238.9	5.2	6.0X	276.1X	Mar-31-2019
DexCom, Inc. (NasdaqGS:DXCM)	13,157.7	1,127.7	(133.8)	11.7X	N/A	Mar-31-2019
Endologix Inc. (NasdaqGS:ELGX)	324.8	149.8	(54.1)	2.2X	N/A	Mar-31-2019
ICU Medical, Inc. (NasdaqGS:ICUI)	4,846.6	1,358.9	263.0	3.6X	18.4X	Mar-31-2019
LivaNova PLC (NasdaqGS:LIVN)	3,691.1	1,107.4	126.2	3.3X	29.2X	Mar-31-2019
STAAR Surgical Company (NasdaqGM:STAA)	1,291.5	129.4	10.5	10.0X	123.0X	Mar-29-2019
Summary Statistics						
High	\$13,157.7	\$1,358.9	\$263.0	11.7X	276.1X	
Low	\$72.7	\$58.3	(\$133.8)	1.2X	18.4X	
Mean	\$3,337.2	\$603.8	\$28.4	5.1X	100.2X	
Median	\$1,656.6	\$449.5	\$7.9	3.4X	54.1X	

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
Apyx Medical Corporation (NasdaqGS:APYX)	150.4	19.1	(14.7)	7.9X	N/A	Mar-31-2019
ATRION Corp. (NasdaqGS:ATRI)	1,391.1	154.7	50.9	9.0X	27.3X	Mar-31-2019
Bio-Rad Laboratories, Inc. (NYSE:BIO)	9,034.8	2,291.9	339.9	3.9X	26.6X	Mar-31-2019
Cantel Medical Corp. (NYSE:CMN)	3,463.5	907.5	158.3	3.8X	21.9X	Apr-30-2019
Invacare Corporation (NYSE:IVC)	347.6	958.7	1.9	0.4X	182.9X	Mar-31-2019
Retractable Technologies, Inc. (AMEX:RVP)	16.6	33.5	(0.7)	0.5X	N/A	Mar-31-2019
Sharps Compliance Corp. (NasdaqCM:SMED)	54.0	42.1	1.4	1.3X	38.6X	Mar-31-2019
Summary Statistics						
High	\$9,034.8	\$2,291.9	\$339.9	9.0X	182.9X	
Low	\$16.6	\$19.1	(\$14.7)	0.4X	21.9X	
Mean	\$2,065.4	\$629.6	\$76.7	3.8X	59.5X	
Median	\$347.6	\$154.7	\$1.9	3.8X	27.3X	

Source: Capital IQ—stock prices as of 6/30/2019

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

Diagnosics, 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
Chembio Diagnostics, Inc. (NasdaqCM:CEMI)	99.5	34.0	(8.7)	2.9X	N/A	Mar-31-2019
CONMED Corporation (NasdaqGS:CNMD)	3,218.6	875.9	143.7	3.7X	22.4X	Mar-31-2019
Enzo Biochem Inc. (NYSE:ENZ)	120.0	86.7	(24.1)	1.4X	N/A	Apr-30-2019
Fluidigm Corporation (NasdaqGS:FLDM)	763.5	117.8	(45.2)	6.5X	N/A	Mar-31-2019
Genomic Health Inc. (NasdaqGS:GHDX)	1,896.6	410.3	46.4	4.6X	40.9X	Mar-31-2019
Luminex Corporation (NasdaqGS:LMNX)	862.7	315.6	37.5	2.7X	23.0X	Mar-31-2019
Repligen Corporation (NasdaqGS:RGEN)	4,114.6	209.8	47.7	19.6X	86.3X	Mar-31-2019
Summary Statistics						
High	\$4,114.6	\$875.9	\$143.7	19.6X	86.3X	
Low	\$99.5	\$34.0	(\$45.2)	1.4X	22.4X	
Mean	\$1,582.2	\$292.9	\$28.2	5.9X	43.1X	
Median	\$862.7	\$209.8	\$37.5	3.7X	31.9X	

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)	403.0	415.2	8.9	1.0X	45.3X	Mar-31-2019
Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX)	2,626.5	1,748.3	79.1	1.5X	33.2X	Mar-31-2019
Computer Programs & Systems Inc. (NasdaqGS:CPSI)	508.2	278.7	32.3	1.8X	15.7X	Mar-31-2019
FONAR Corporation (NasdaqCM:FONR)	121.6	90.8	26.6	1.3X	4.6X	Mar-31-2019
iCAD, Inc. (NasdaqCM:ICAD)	137.9	26.1	(5.3)	5.3X	N/A	Mar-31-2019
Masimo Corporation (NasdaqGS:MASI)	7,580.3	877.0	229.9	8.6X	33.0X	Mar-30-2019
Omniceil, Inc. (NasdaqGS:OMCL)	3,026.5	807.2	95.7	3.7X	31.6X	Mar-31-2019
Summary Statistics						
High	\$7,580.3	\$1,748.3	\$229.9	8.6X	45.3X	
Low	\$121.6	\$26.1	(\$5.3)	1.0X	4.6X	
Mean	\$2,057.7	\$606.2	\$66.7	3.3X	27.2X	
Median	\$508.2	\$415.2	\$32.3	1.8X	32.3X	

Source: Capital IQ—stock prices as of 6/30/2019

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)	959.6	547.6	41.0	1.8X	23.4X	Mar-31-2019
Magellan Health, Inc. (NasdaqGS:MGLN)	2,325.4	7,428.6	136.8	0.3X	17.0X	Mar-31-2019
RadNet, Inc. (NasdaqGM:RDNT)	1,897.5	1,015.3	119.0	1.9X	15.9X	Mar-31-2019
The Ensign Group, Inc. (NasdaqGS:ENSG)	4,328.0	2,097.7	193.8	2.1X	22.3X	Mar-31-2019
The Providence Service Corp. (NasdaqGS:PRSC)	771.2	1,416.1	54.7	0.5X	14.1X	Mar-31-2019
US Physical Therapy Inc. (NYSE:USPH)	1,830.7	457.1	72.4	4.0X	25.3X	Mar-31-2019
Summary Statistics						
High	\$4,328.0	\$7,428.6	\$193.8	4.0X	25.3X	
Low	\$771.2	\$457.1	\$41.0	0.3X	14.1X	
Mean	\$2,018.7	\$2,160.4	\$103.0	1.8X	19.7X	
Median	\$1,864.1	\$1,215.7	\$95.7	1.8X	19.7X	

Other Services

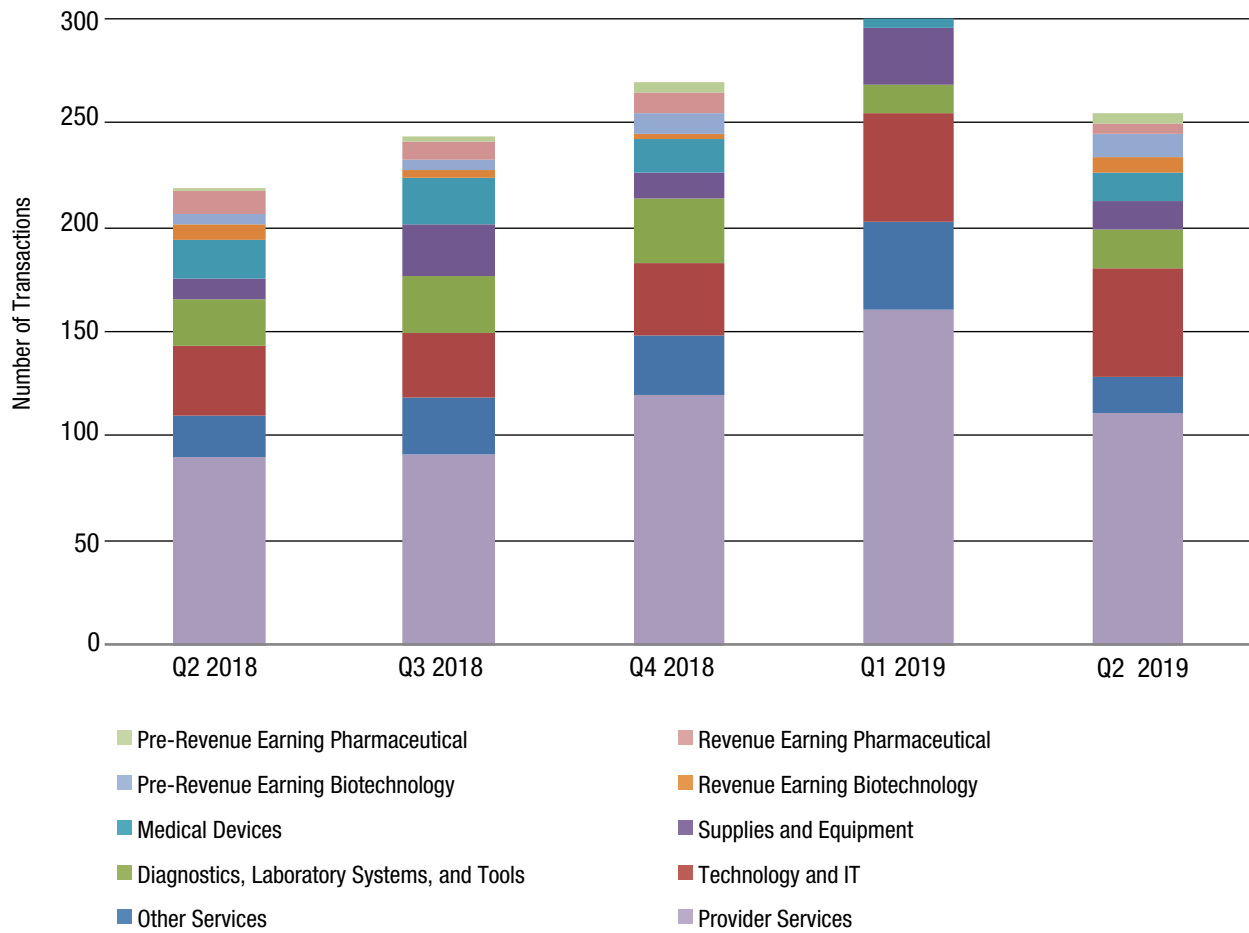
Company Name	Total Enterprise Value Latest (\$ millions)	LTM Total Revenue (\$ millions)	LTM EBITDA (\$ millions)	TEV/Total Revenues LTM—Latest	TEV/EBITDA LTM—Latest	LTM Period Date, Income Statement
AMN Healthcare Services Inc. (NYSE:AHS)	3,136.0	2,146.0	246.8	1.5X	12.7X	Mar-31-2019
Bioanalytical Systems Inc. (NasdaqCM:BAZI)	30.7	33.0	2.3	0.9X	13.3X	Mar-31-2019
Cross Country Healthcare, Inc. (NasdaqGS:CCRN)	415.7	801.4	21.2	0.5X	19.6X	Mar-31-2019
National Research Corporation (NasdaqGS:NRC)	1,469.1	120.1	42.7	12.2X	34.4X	Mar-31-2019
PDL BioPharma, Inc. (NasdaqGS:PDLI)	142.0	110.5	2.0	1.3X	71.0X	Mar-31-2019
Summary Statistics						
High	\$3,136.0	\$2,146.0	\$246.8	12.2X	71.0X	
Low	\$30.7	\$33.0	\$2.0	0.5X	12.7X	
Mean	\$1,038.7	\$642.2	\$63.0	3.3X	30.2X	
Median	\$415.7	\$120.1	\$21.2	1.3X	19.6X	

Source: Capital IQ—stock prices as of 6/30/2019

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 (Q2 2018 to Q2 2019)



Source: Capital IQ

Recent Notable Healthcare Industry Transactions

Selected Healthcare Transactions Q2 2019

Blue Sea Capital LLC Acquires Krueger-Gilbert Health Physics, Inc. from Anacapa Partners LP

Blue Sea Capital LLC has acquired Krueger-Gilbert Health Physics, Inc. for an undisclosed amount. Krueger-Gilbert Health Physics, Inc. provides diagnostic medical and health physics consulting services. It offers services in various modalities, including computed tomography (CT), mammography, magnetic resonance imaging, and nuclear imaging. It also offers accreditation assistance, annual performance testing, occupational dosimetry, and shielding services; and training in the areas of nuclear medicine, cardiology, cardiac catheterization lab, general radiography, interventional radiography, operating room, and others. In addition, the company provides regulatory support services for radioactive materials programs such as nuclear medicine, nuclear cardiology, and brachytherapy. Krueger-Gilbert Health Physics, Inc. was founded in 1987 and is based in Towson, Maryland. (May 3, 2019)

Littlejohn & Co. LLC Acquires Outcome Health LLC from WhiteHorse Finance, Inc. (NasdaqGS:WHF)

Littlejohn & Co. LLC has acquired Outcome Health LLC for \$5.5 million. Outcome Health LLC provides health intelligence technology solutions. The company's solutions include digital waiting room screen that engages patients and caregivers with a library of various videos featuring specialty-specific and educational health content; digital exam room tablet, which brings individuals in the consultation room with personalized information in the critical moments before speaking to the provider; clinical trial education to patients for enhancing awareness and participation in clinical trials; digital anatomy board that delivers intelligence to the consultation enabling providers to communicate conditions and treatment options in a better manner; patient Wi-Fi access to guide patients while making treatment decisions in the waiting and consultation room; and infusion room tablet, which provides a supportive experience for patients as they receive infusion treatment. It serves health information and health intelligence during critical moments of care to enable patients and physicians to make healthcare decisions possible. Outcome Health LLC was formerly known as ContextMedia

Health, LLC and changed its name to Outcome Health LLC in January 2017. The company was founded in 2006 and is based in Chicago, Illinois with an additional office in New York, New York. (May 8, 2019)

NAVITAS LIFE SCIENCES, INC Acquires KAI Research, Inc. from TAKE Solutions Limited (BSE:532890)

NAVITAS LIFE SCIENCES, INC has acquired KAI Research, Inc. for an undisclosed amount. KAI Research, Inc. operates as a clinical research organization (CRO). It focuses on providing various services including clinical studies support, clinical data management systems, pharmacovigilance and clinical safety, medical communications, data warehousing, statistical analysis and SAS programming, quality assurance, and registries. The company provides CRO services for phase I-IV clinical trials and epidemiological studies in various therapeutic areas including CNS, dermatology, endocrinology, infectious diseases, pain, psychiatric disorders, rheumatology, substance abuse, and vaccines. It also offers a suite of clinical trial systems including an electronic data capture system; an interactive voice response and interactive web response system; a clinical trial management system that focuses on the operational side of the trial, including site performance tracking and management, patient recruitment, monitoring visit report, regulatory document management, and financial management; and a medical coding system that provides medical reviewers with a task-oriented coding tool for adverse events and drugs. In addition, the company offers electronic patient reported outcomes and registry portal; analysis tools, including SQL reporting service, and the JReview business intelligence tool; and clinical research training services. It serves pharmaceutical, biotech, and academic institutions. The company was founded in 1986 and is based in Rockville, Maryland. (May 21, 2019)

Bio-Techne Corporation (NasdaqGS:TECH) Acquires B-MoGen Biotechnologies, Inc.

Bio-Techne Corporation (NasdaqGS:TECH) has acquired B-MoGen Biotechnologies, Inc. for an undisclosed amount. B-MoGen Biotechnologies, Inc. provides gene editing solutions for antibody validation, human

Recent Notable Healthcare Industry Transactions (continued)

Selected Healthcare Transactions Q2 2019

disease research, gene transfer, and mitochondrial DNA editing. It offers custom vector generation services that include multi-gene expression vectors that are delivered via the proven sleeping beauty transposon system; and custom gene targeting vectors. The company also provides genome modification services that include gene knockout, gene knock-in, and stable transposon cell line generation; and sleeping beauty transposon and transposase vectors that are available for purchase through Neuromics. B-MoGen Biotechnologies, Inc. is based in Saint Paul, Minnesota. (June 4, 2019)

Ascenda BioSciences LLC Acquires Provista Diagnostics, Inc.

Ascenda BioSciences LLC has acquired Provista Diagnostics, Inc for an undisclosed amount. Provista Diagnostics, Inc. develops and markets blood-based diagnostic, prognostic, and monitoring tests for treating cancers in women. The company's products include Videssa Breast, a biomarker panel along with patient data and statistical modeling to improve standard of care in women with suspicious breast lesions; Videssa Ovarian, a blood-based biomarker assay to aid in the earlier diagnosis of ovarian cancer and monitor for recurrence; and a multiple biomarker assay for the early detection of HPV in cervical and oropharyngeal cancers. It also provides blood-based molecular diagnostic tests for diagnosing breast, ovarian, endometrial, and human papillomavirus (HPV) associated cancers. Provista Diagnostics, Inc. was founded in 2007 and is based in New York, New York. (June 18, 2019)

UnitedHealth Group Incorporated (NYSE:UNH) Acquires PatientsLikeMe Inc. from iCarbonx

UnitedHealth Group Incorporated (NYSE:UNH) has acquired PatientsLikeMe Inc. for an undisclosed amount. PatientsLikeMe, Inc. operates a healthcare data-sharing platform. The company enables patients to share symptoms, treatments, health data, and their experiences with other patients, caregivers, physicians, researchers, pharmaceutical and medical device companies, and others to improve the understanding of disease and development of new treatments. It offers healthcare data and information on various health conditions such as cancer; endocrine; developmental and chromosomal; digestive and intestinal; heart, blood, and circulatory; immune, inflammatory, and infections; kidneys and urinary; liver, pancreas, and gallbladder; lungs and respiratory; men's health; mental health and behavior; metabolism and nutrition; muscle, bone, and joint; neurological and brain; skin, hair, and nails; transplants; women's health and pregnancy; and eye, ear, and throat conditions. The company was founded in 2004 and is based in Cambridge, Massachusetts. (June 19, 2019)

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

FOCUS Healthcare and Life Sciences Transactions

This announcement appears as a matter of record only



has acquired



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




a member of



Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered broker dealer and member FINRA/SIPC.

This announcement appears as a matter of record only



has acquired



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



a member of



Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered broker dealer and member FINRA/SIPC.

This announcement appears as a matter of record only



has acquired



The undersigned assisted in the negotiations and acted as financial advisor to ncgCARE.



Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered broker dealer and member FINRA/SIPC.

This announcement appears as a matter of record only



has acquired




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




Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered broker dealer and member FINRA/SIPC.


This announcement appears as a matter of record only




has acquired




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




This announcement appears as a matter of record only



has obtained growth financing from



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



**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




has been acquired by




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




This announcement appears as a matter of record only




has acquired




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




This announcement appears as a matter of record only




has been acquired by




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




This announcement appears as a matter of record only



sold its home and community based services business to



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Arrow Child & Family Ministries.



This announcement appears as a matter of record only




has been sold to




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



This announcement appears as a matter of record only




Solby, England
has been acquired by




Northwood, Ohio


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



This announcement appears as a matter of record only




has been acquired by




Verona, Italy


The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Pleiad Devices, LTD.




This announcement appears as a matter of record only



has acquired




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




FOCUS Healthcare and Life Sciences Transactions

This announcement appears as a matter of record only



has been acquired by



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

FOCUS
Investment Banking

This announcement appears as a matter of record only

VERIFY SOLUTIONS

has been acquired by



The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Verify Solutions, LLC.

FOCUS
Investment Banking

This announcement appears as a matter of record only



has been recapitalized by



88,000,000 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

FOCUS Healthcare and Life Sciences Team



Jonathan Wilfong
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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.



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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.



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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.



Abe Garver
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Abe Garver has 20+ years' experience in M&A investment banking, working on sell-, buy-, and capital-raise assignments for over 50 public, private, and Inc. 500 fastest-growing companies. An M&A thought-leader appearing on Bloomberg, Fox Business, and at NASDAQ, he has an M.S. in Finance from Manderson Graduate School of Business, University of Alabama.



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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.



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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.



Evans Love
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Evans Love has experience with the biotechnology, pharmaceutical development, and medical device industries, primarily concentrating on M&A projects in the clinical/contract research organization sector. His responsibilities include financial modeling and analysis, researching and forecasting market trends, and assisting in business development.



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.



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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.



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

With more than three decades of experience, FOCUS Investment Banking is a trusted name in M&A advisory services worldwide. FOCUS works to understand each client's strategic and financial objectives, craft the best plan to achieve these goals, and deliver success. Whether helping to sell, buy, or raise capital, FOCUS strives to maximize the value of every transaction to the benefit of its clients. 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 member FINRA/SIPC. For more information on FOCUS, please visit www.focusbankers.com.

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