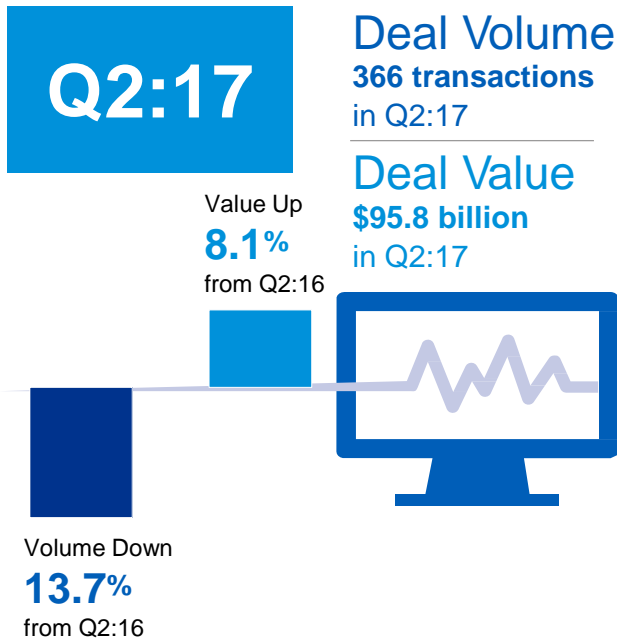


The second quarter of 2017 saw a decrease in deal volume, but an increase in total transaction values as compared to the second quarter of 2016

Healthcare deal activity decreased in the second quarter of 2017 following an active first quarter. During the second quarter, there were 366 healthcare transactions, which was down 14% from the second quarter of 2016. However, total transaction values reached \$95.8 billion, as the quarter witnessed 15 deals over \$1 billion, accounting for \$81.6 billion or 85% of the quarter's dollar volume. Deal value surged partly as investors acknowledged that any changes to the Affordable Care Act will take longer than initially expected. Investors showed great interest in healthcare services, with deal value increasing more than 3x over Q2:16.

HEALTHCARE M&A QUARTERLY



Other Services and Biotechnology



With six deals greater than \$1 billion, deal value in the **Other Services segment** reached \$35.2 billion in Q2:17. The Other Services category includes products and services related to human healthcare in an ancillary way, such as contract research organizations, ambulatory surgery centers, institutional and specialty pharmacy companies, dental practices and management, staffing and pharmacy benefit plans.



Deal activity continues to remain robust in the **Biotechnology sector**, with deal volume increasing of 59% over Q2:16. Deal activity within the sector has been driven primarily by companies looking for new products to fill their pipelines.

Mega Deal:



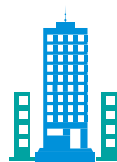
\$24.0 billion

On Apr 23, **Becton, Dickinson and Company (NYSE:BDX)** entered into a definitive agreement to acquire **C. R. Bard, Inc. (NYSE:BCR)**.

Shareholders of Bard will receive \$222.93 in cash and 0.5077 shares of BDX stock, for a total of \$317.0 per common stock, and will own 15% of the combined company. The deal is expected to strengthen BDX's competitive positioning in medication management and infection prevention by broadening its product portfolio.

Source: *Irving Levin Associates, Inc.*

Home Health & Hospice and E-Health

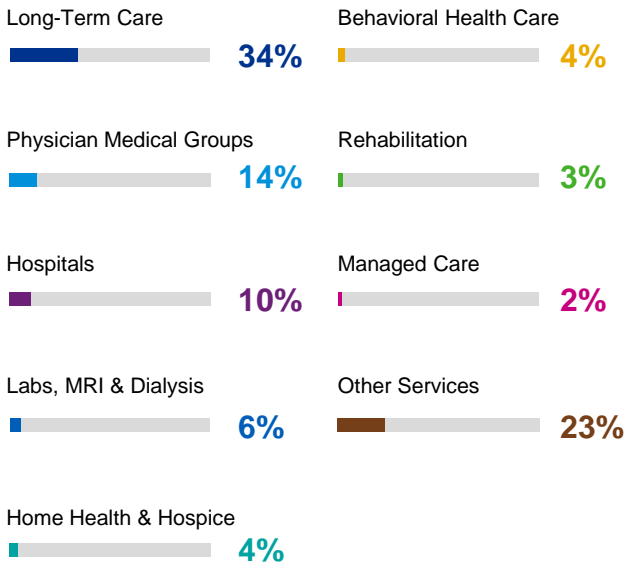


The **Home Health & Hospice sector** is facing significant headwinds due to a recent proposal from CMS, the Home Health Prospective Payment System, which would slash reimbursements in 2019 by up to \$1 billion.

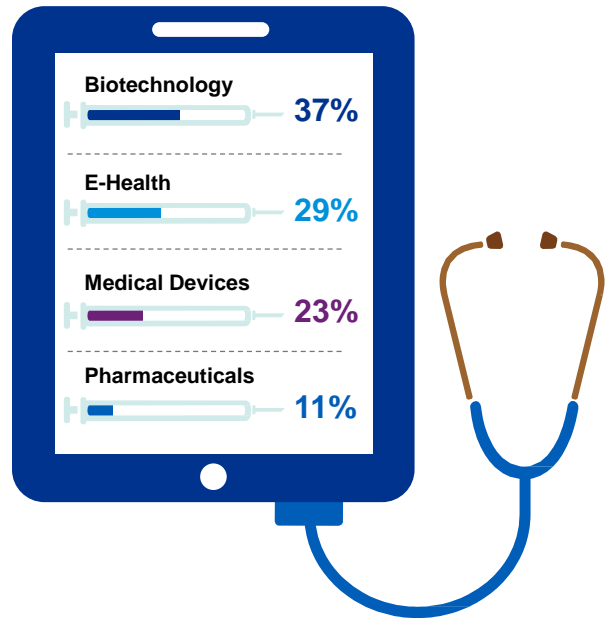


The **E-Health sector** continues to see strong interest from strategic and financial buyers, driven primarily for the prospect of owning a new and differentiated technology.

Healthcare Services M&A Volume

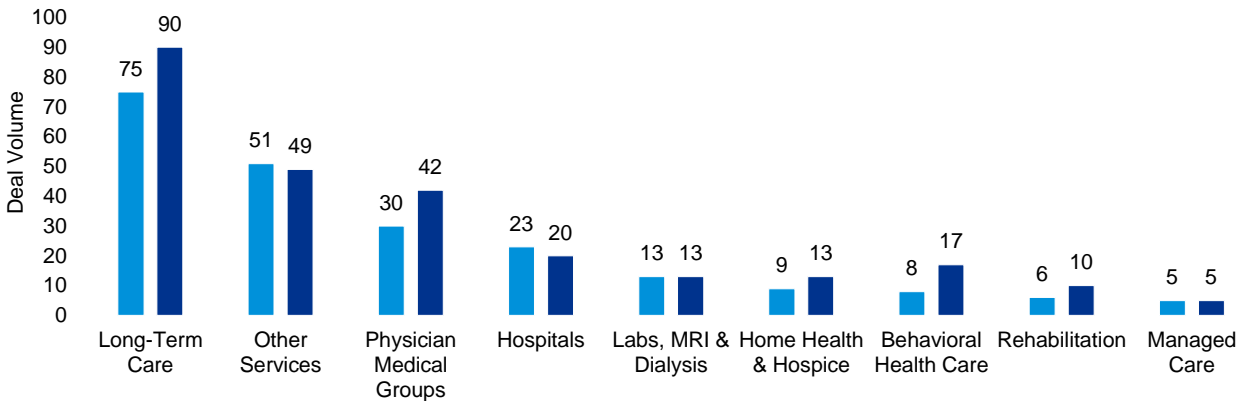


Healthcare Technology M&A Volume

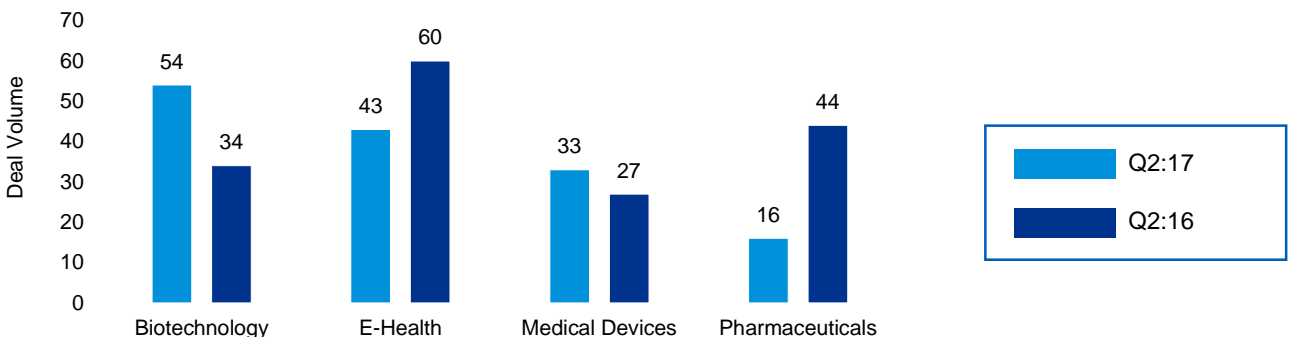


Sub-sector Activity Comparison

Healthcare Services



Healthcare Technology



Source: Irving Levin Associates, Inc.



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Selected Healthcare M&A Transactions - Q2:17 (US\$ in millions)							
Date Announced	Target	Target Country/Region	Buyer	Sub-sector	Implied Enterprise Value (TEV)	TEV / Revenue ⁽⁴⁾	TEV / EBITDA ⁽⁴⁾
06/27/2017	The Spectranetics Corporation	United States	Philips Holding USA Inc.	Healthcare Supplies	\$2,073	NM	NM
06/19/2017	PAREXEL International Corporation	United States	Pamplona Capital Management LLP	Life Sciences Tools and Services	\$5,007	2.4x	14.6x
06/05/2017	Albany Molecular Research, Inc.	United States	GTCR, LLC and The Carlyle Group L.P	Life Sciences Tools and Services	\$1,584	2.5x	22.1x
05/15/2017	Patheon N.V.	United States	Thermo Fisher (CN) Luxembourg S.à r.l.	Life Sciences Tools and Services	\$7,205	3.7x	20.5x
05/09/2017	inVentiv Health Inc.	United States	INC Research Holdings, Inc.	Life Sciences Tools and Services	\$4,196	1.9x	13.7x
05/09/2017	Surgery Partners, Inc.	United States	Bain Capital Private Equity, LP	Healthcare Facilities	\$2,787	2.4x	11.1x
05/04/2017	VWR Corporation	United States	Avantor Performance Materials, Inc.	Life Sciences Tools and Services	\$6,477	1.4x	13.5x
04/24/2017	Akorn, Inc.	United States	Fresenius Kabi USA, LLC	Pharmaceuticals	\$4,789	4.3x	10.7x
04/23/2017	C. R. Bard, Inc.	United States	Becton, Dickinson and Company	Healthcare Equipment	\$24,822	6.6x	21.4x
04/18/2017	Medtronic plc, Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency Businesses	United States	Cardinal Health, Inc.	Healthcare Equipment	\$6,059	2.5x	NA

Selected Public Healthcare Companies (US\$ in millions, except per share amounts)										
Company Name	Latest Twelve Months (LTM)								Enterprise Value ⁽⁴⁾	
	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Assisted / Senior Living										
Brookdale Senior Living Inc.	\$2,739	\$7,847	\$14.71	79.0%	\$4,078	-4.3%	\$759	18.6%	1.9x	10.3x
Capital Senior Living Corporation	\$441	\$1,442	\$15.21	76.4%	\$458	6.3%	\$78	17.0%	3.1x	18.5x
Five Star Senior Living Inc.	\$75	\$107	\$1.50	49.4%	\$1,130	-0.1%	\$13	1.2%	0.1x	8.1x
Assisted / Senior Living Mean	\$1,085	\$3,132		68.2%	\$1,889	0.6%	\$283	12.2%	1.7x	12.3x
Assisted / Senior Living Median	\$441	\$1,442		76.4%	\$1,130	-0.1%	\$78	17.0%	1.9x	10.3x
Behavioral Health										
Acadia Healthcare Company, Inc.	\$4,337	\$7,575	\$49.38	86.2%	\$2,833	20.6%	\$576	20.3%	2.7x	13.2x
The Providence Service Corporation	\$682	\$679	\$50.61	99.1%	\$1,606	4.8%	\$69	4.3%	0.4x	9.8x
Behavioral Health Mean	\$2,509	\$4,127		92.7%	\$2,219	12.7%	\$322	12.3%	1.5x	11.5x
Behavioral Health Median	\$2,509	\$4,127		92.7%	\$2,219	12.7%	\$322	12.3%	1.5x	11.5x
Diagnostic Imaging										
Alliance Healthcare Services, Inc.	\$144	\$665	\$13.30	97.8%	\$524	6.0%	\$112	21.4%	1.3x	5.9x
RadNet, Inc.	\$366	\$990	\$7.75	97.1%	\$909	5.8%	\$117	12.9%	1.1x	8.5x
Diagnostic Imaging Mean	\$255	\$828		97.5%	\$716	5.9%	\$115	17.1%	1.2x	7.2x
Diagnostic Imaging Median	\$255	\$828		97.5%	\$716	5.9%	\$115	17.1%	1.2x	7.2x



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Selected Public Healthcare Companies
(US\$ in millions, except per share amounts)

Company Name	Latest Twelve Months (LTM)								Enterprise Value ⁽⁴⁾	
	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Dialysis										
DaVita Inc.	\$12,602	\$19,889	\$64.76	82.2%	\$15,014	4.7%	\$2,290	15.3%	1.3x	8.7x
Fresenius Medical Care AG & Co. KGAA	\$29,539	\$38,280	\$68.81	67.7%	\$19,570	8.3%	\$3,258	16.6%	2.0x	11.8x
Dialysis Mean	\$21,070	\$29,085		75.0%	\$17,292	6.5%	\$2,774	15.9%	1.6x	10.2x
Dialysis Median	\$21,070	\$29,085		75.0%	\$17,292	6.5%	\$2,774	15.9%	1.6x	10.2x
Distribution										
AmerisourceBergen Corporation	\$20,642	\$22,693	\$94.53	96.6%	\$151,584	4.7%	\$2,426	1.6%	0.1x	9.4x
Cardinal Health, Inc.	\$24,613	\$28,704	\$77.92	91.1%	\$129,976	6.9%	\$3,063	2.4%	0.2x	9.4x
Henry Schein, Inc.	\$14,519	\$15,827	\$183.02	97.9%	\$11,782	7.6%	\$956	8.1%	1.3x	16.5x
McKesson Corporation	\$34,793	\$40,460	\$164.54	82.5%	\$199,851	3.5%	\$3,822	1.9%	0.2x	10.6x
Owens & Minor, Inc.	\$1,970	\$2,407	\$32.19	84.1%	\$9,378	-5.3%	\$230	2.5%	0.3x	10.5x
Patterson Companies, Inc.	\$4,446	\$5,425	\$46.95	93.8%	\$5,593	3.8%	\$408	7.3%	1.0x	13.3x
PharMerica Corporation	\$816	\$1,267	\$26.25	91.4%	\$2,206	6.9%	\$133	6.0%	0.6x	9.5x
Distribution Mean	\$14,543	\$16,683		91.1%	\$72,910	4.0%	\$1,577	4.3%	0.5x	11.3x
Distribution Median	\$14,519	\$15,827		91.4%	\$11,782	4.7%	\$956	2.5%	0.3x	10.5x
General Acute Care										
Community Health Systems, Inc.	\$1,113	\$16,172	\$9.96	73.3%	\$17,478	-9.1%	\$1,699	9.7%	0.9x	9.5x
Envision Healthcare Corporation	\$7,275	\$12,854	\$62.67	77.0%	\$6,038	112.8%	\$764	12.6%	2.1x	16.8x
HCA Healthcare, Inc.	\$31,994	\$62,660	\$87.20	95.8%	\$42,267	3.9%	\$7,655	18.1%	1.5x	8.2x
LifePoint Health, Inc.	\$2,711	\$5,494	\$67.15	94.6%	\$6,416	9.6%	\$748	11.7%	0.9x	7.3x
Tenet Healthcare Corp.	\$1,944	\$17,221	\$19.34	60.7%	\$19,324	-1.6%	\$1,708	8.8%	0.9x	10.1x
Universal Health Services, Inc.	\$11,804	\$15,642	\$122.08	88.0%	\$10,111	7.3%	\$1,692	16.7%	1.5x	9.2x
General Acute Care Mean	\$9,473	\$21,674		81.6%	\$16,939	20.5%	\$2,378	13.0%	1.3x	10.2x
General Acute Care Median	\$4,993	\$15,907		82.5%	\$13,794	5.6%	\$1,695	12.2%	1.2x	9.4x
Healthcare IT										
Allscripts Healthcare Solutions, Inc.	\$2,315	\$3,528	\$12.76	84.1%	\$1,657	15.7%	\$117	7.1%	2.1x	NM
athenahealth, Inc.	\$5,599	\$5,784	\$140.55	94.0%	\$1,151	13.8%	\$128	11.1%	5.0x	NM
Cerner Corporation	\$21,964	\$21,982	\$66.47	95.9%	\$4,827	7.0%	\$1,351	28.0%	4.6x	16.3x
Computer Programs and Systems, Inc.	\$444	\$588	\$32.80	78.1%	\$261	15.0%	\$29	10.9%	2.3x	20.6x
HMS Holdings Corp.	\$1,552	\$1,582	\$18.50	77.1%	\$495	1.5%	\$93	18.7%	3.2x	17.0x
Inovalon Holdings, Inc.	\$1,920	\$1,645	\$13.15	65.6%	\$420	(7.2%)	\$67	16.0%	3.9x	24.4x
Quality Systems, Inc.	\$1,079	\$1,057	\$17.21	98.1%	\$518	5.2%	\$61	11.8%	2.0x	17.3x
Healthcare IT Mean	\$4,982	\$5,167		84.7%	\$1,333	7.3%	\$264	14.8%	3.3x	19.1x
Healthcare IT Median	\$1,920	\$1,645		84.1%	\$518	7.0%	\$93	11.8%	3.2x	17.3x
Home Health										
Addus HomeCare Corporation	\$428	\$433	\$37.20	91.3%	\$411	14.5%	\$33	8.1%	1.1x	13.0x
Almost Family, Inc.	\$859	\$974	\$61.65	97.9%	\$716	22.1%	\$38	5.3%	1.4x	25.6x
Amedisys, Inc.	\$2,118	\$2,162	\$62.81	95.3%	\$1,455	7.1%	\$105	7.2%	1.5x	20.5x
LHC Group, Inc.	\$1,241	\$1,290	\$67.89	97.9%	\$962	12.6%	\$82	8.5%	1.3x	15.8x
Home Health Mean	\$1,162	\$1,215		95.6%	\$886	14.1%	\$65	7.3%	1.3x	18.7x
Home Health Median	\$1,050	\$1,132		96.6%	\$839	13.5%	\$60	7.7%	1.4x	18.1x
Hospice										
Chemed Corporation	\$3,289	\$3,389	\$204.53	94.7%	\$1,617	3.3%	\$227	14.0%	2.1x	15.0x
Hospice Mean	\$3,289	\$3,389		94.7%	\$1,617	3.3%	\$227	14.0%	2.1x	15.0x
Hospice Median	\$3,289	\$3,389		94.7%	\$1,617	3.3%	\$227	14.0%	2.1x	15.0x
Laboratory										
Laboratory Corporation of America Holdings	\$15,769	\$21,324	\$154.14	99.6%	\$9,667	5.2%	\$1,858	19.2%	2.2x	11.5x
Quest Diagnostics Incorporated	\$15,210	\$18,657	\$111.16	99.4%	\$7,588	1.2%	\$1,394	18.4%	2.5x	13.4x
Laboratory Mean	\$15,489	\$19,990		99.5%	\$8,627	3.2%	\$1,626	18.8%	2.3x	12.4x
Laboratory Median	\$15,489	\$19,990		99.5%	\$8,627	3.2%	\$1,626	18.8%	2.3x	12.4x



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Selected Public Healthcare Companies
(US\$ in millions, except per share amounts)

Company Name	Latest Twelve Months (LTM)								Enterprise Value ⁽⁴⁾	
	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
LTC/SNF										
Diversicare Healthcare Services, Inc.	\$60	\$140	\$9.30	72.5%	\$516	32.5%	\$26	5.0%	0.3x	5.4x
Genesis Healthcare, Inc.	\$161	\$5,170	\$1.74	36.6%	\$5,453	(3.6%)	\$537	9.8%	0.9x	9.6x
Kindred Healthcare, Inc.	\$998	\$4,136	\$11.65	92.8%	\$7,081	4.9%	\$412	5.8%	0.6x	10.0x
National HealthCare Corporation	\$1,066	\$1,032	\$70.14	88.8%	\$948	3.4%	\$102	10.7%	1.1x	10.1x
The Ensign Group, Inc.	\$1,104	\$1,327	\$21.77	93.9%	\$1,751	15.4%	\$119	6.8%	0.8x	11.2x
LTC/SNF Mean	\$678	\$2,361		76.9%	\$3,150	10.5%	\$239	7.6%	0.7x	9.3x
LTC/SNF Median	\$998	\$1,327		88.8%	\$1,751	4.9%	\$119	6.8%	0.8x	10.0x
Managed Care										
Aetna Inc.	\$50,362	\$55,814	\$151.83	97.9%	\$62,197	0.9%	\$6,093	9.8%	0.9x	9.2x
Anthem, Inc.	\$49,852	\$61,456	\$188.13	96.5%	\$88,026	7.5%	\$5,754	6.5%	0.7x	10.7x
Magellan Health, Inc.	\$1,729	\$2,079	\$72.90	86.1%	\$5,280	11.4%	\$243	4.6%	0.4x	8.6x
UnitedHealth Group Incorporated	\$178,682	\$196,387	\$185.42	98.3%	\$192,604	9.4%	\$15,448	8.0%	1.0x	12.7x
WellCare Health Plans, Inc.	\$7,989	\$4,459	\$179.56	97.1%	\$15,361	9.2%	\$623	4.1%	0.3x	7.2x
Managed Care Mean	\$57,723	\$64,039		95.2%	\$72,694	7.7%	\$5,632	6.6%	0.7x	9.7x
Managed Care Median	\$49,852	\$55,814		97.1%	\$62,197	9.2%	\$5,754	6.5%	0.7x	9.2x
PBM / Specialty Pharmacy										
BioScrip, Inc.	\$346	\$877	\$2.72	79.2%	\$901	-6.4%	\$25	2.8%	1.0x	NM
Express Scripts Holding Company	\$37,891	\$50,256	\$63.84	79.8%	\$100,276	(1.1%)	\$7,141	7.1%	0.5x	7.0x
PBM / Specialty Pharmacy Mean	\$19,118	\$25,566		79.5%	\$50,588	-3.7%	\$3,583	5.0%	0.7x	7.0x
PBM / Specialty Pharmacy Median	\$19,118	\$25,566		79.5%	\$50,588	-3.7%	\$3,583	5.0%	0.7x	7.0x
Physical Rehab										
HealthSouth Corporation	\$4,333	\$7,143	\$48.40	97.4%	\$3,773	10.0%	\$750	19.9%	1.9x	9.5x
Select Medical Holdings Corporation	\$2,038	\$4,778	\$15.35	98.4%	\$4,258	1.9%	\$460	10.8%	1.1x	10.4x
U.S. Physical Therapy, Inc.	\$760	\$783	\$60.40	77.4%	\$377	9.7%	\$55	14.6%	2.1x	14.2x
Physical Rehab Mean	\$2,377	\$4,234		91.1%	\$2,803	7.2%	\$422	15.1%	1.7x	11.4x
Physical Rehab Median	\$2,038	\$4,778		97.4%	\$3,773	9.7%	\$460	14.6%	1.9x	10.4x
Physician Practice Mgmt.										
MEDNAX, Inc.	\$5,558	\$7,408	\$60.37	78.4%	\$3,337	11.7%	\$628	18.8%	2.2x	11.8x
Physician Practice Mgmt. Mean	\$5,558	\$7,408		78.4%	\$3,337	11.7%	\$628	18.8%	2.2x	11.8x
Physician Practice Mgmt. Median	\$5,558	\$7,408		78.4%	\$3,337	11.7%	\$628	18.8%	2.2x	11.8x
Staffing										
AMN Healthcare Services, Inc.	\$1,871	\$2,195	\$39.05	86.8%	\$1,945	12.6%	\$236	12.1%	1.1x	9.3x
Cross Country Healthcare, Inc.	\$470	\$493	\$12.91	78.8%	\$854	8.9%	\$38	4.4%	0.6x	13.1x
On Assignment, Inc.	\$2,860	\$3,453	\$54.15	98.2%	\$2,530	8.1%	\$263	10.4%	1.4x	13.1x
Staffing Mean	\$1,734	\$2,047		87.9%	\$1,777	9.9%	\$179	9.0%	1.0x	11.8x
Staffing Median	\$1,871	\$2,195		86.8%	\$1,945	8.9%	\$236	10.4%	1.1x	13.1x

Source: Capital IQ

All figures in US\$; where applicable, converted at rates as of June 30, 2017

(1) As shown, Enterprise Value defined as Market Capitalization plus Preferred Stock and Net Debt

(2) Closing share prices as of June 30, 2017

(3) EBITDA reduced to account for minority interest expense

(4) EV/Revenue and EV/EBITDA multiples of >7.0x and >30.0x respectively are considered as "NM"



Selected Recent Transactions

KPMG



ADVANTMED
has received growth investment from



KPMG



has been acquired by



KPMG



has acquired



KPMG



Baxter
form-fill-seal (FFS) infusion business
divestiture to




KPMG




EPL ARCHIVES
has been acquired by



KPMG



Biocomposites
has been acquired by



KPMG



SEASTAR CHEMICALS
has been acquired by




KPMG




Sividon Diagnostics
has been acquired by



KPMG



AnGes
has invested in



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KPMG Corporate Finance LLC

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Healthcare Investment Banking Contacts



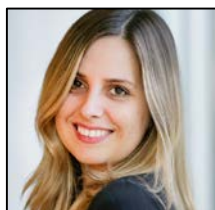
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