

Healthcare M&A activity strengthened in Q3:15 with deal totals setting new highs

The Healthcare sector saw a flurry of mega deals in the third quarter with the announcement of 20 deals with disclosed prices of \$1 billion or higher, which represented 89% of the quarter's total deal value of \$198 billion. Two mega deals in the managed care sector contributed \$91 billion to this record setting quarter. Consolidation among insurers and hospital groups continues as these stakeholders seek to reduce costs and spread risk.

HEALTHCARE M&A QUARTERLY

Q3:15

Deal Volume
379 transactions
in Q3:15

Deal Value
\$198 billion
in Q3:15

Up
10.0%
from Q3:14

Up
213.0%
from Q3:14



Behavioral Health



The sub - sector announced 24 transactions in the first nine months of the year. Half of these acquisitions were for addiction treatment providers as substance abuse and addiction programs and facilities remain attractive segments. However, the wide range of treatments and services in the sector makes for a tough consolidation play.

Pharmaceuticals and **Medical Devices** sub - sectors remained active this quarter, as larger transactions included Teva Pharmaceutical's \$40.5 billion acquisition of Allergan's generic drug business, and dental device maker Dentsply International's \$13.3 billion acquisition of Sirona Dental Systems.

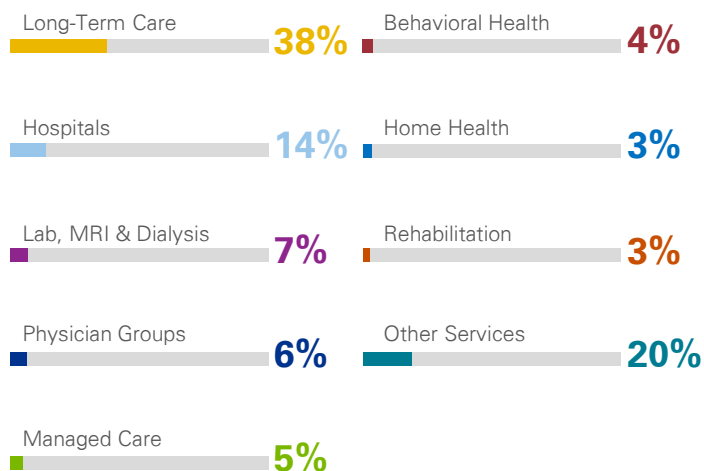
Join us for KPMG's Executive Round Table Sessions at the JP Morgan Healthcare Conference

Presenter	Company Details	Date/Time (PDT)
Joseph Schulman <i>Executive Director of Care Solutions</i> Northwell Health (formerly North Shore LIJ)	\$7.4bn diversified health system in New York	Tuesday, January 12, 2016 11:00 a.m.–12:00 p.m.
Deborah Gage <i>CEO</i> Meddecision	Population health management and software as a service company	Tuesday, January 12, 2016 1:00 p.m.–2:00 p.m.
Joseph Swedish <i>CEO</i> Anthem, Inc.	\$78bn managed care organization	Tuesday, January 12, 2016 5:00 p.m.–6:00 p.m.

You're invited to interact directly with healthcare industry leaders. RSVP to Adam Heller (e: aheller@kpmg.com; p: 312-665-1353).
Location: KPMG LLP, 55 Second Street, Suite 1400, 11th Floor, San Francisco

Source: Irving Levin Associates, Inc.
Note: ACA implies Affordable Care Act

Healthcare Services M&A Volume

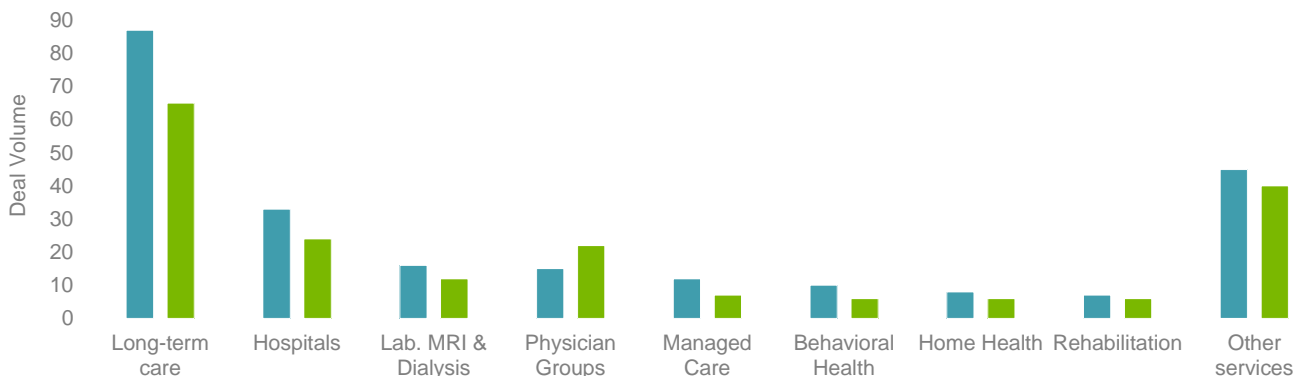


Healthcare Technology M&A Volume

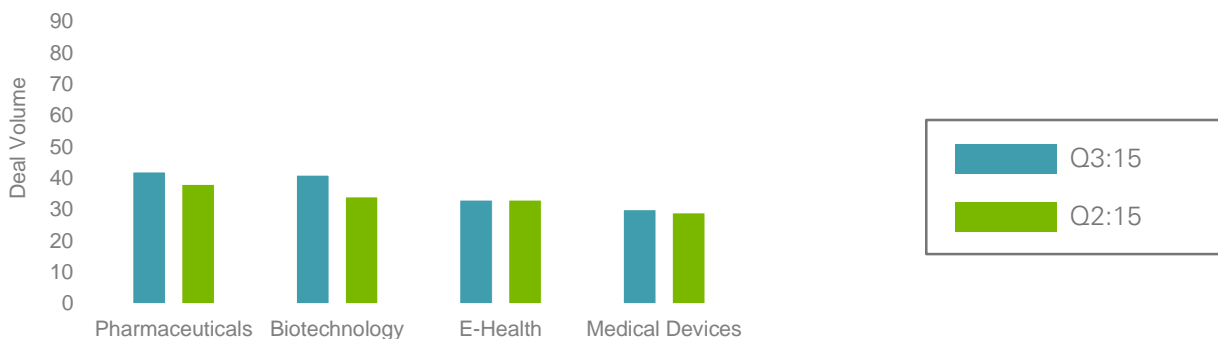


Sub-sector Activity Comparison

Healthcare Services



Healthcare Technology



Source: Irving Levin Associates, Inc.
 Note: FTC implied Federal Trade Commission

Selected U.S. Healthcare M&A Transactions - Q3:15
(US\$ in millions)

Date Announced	Target	Target Country/Region	Buyer	Sub-sector	Implied Enterprise Value (TEV)	TEV / Revenue	TEV / EBITDA
9/15/2015	Sirona Dental Systems Inc.	United States	DENTSPLY International Inc.	Medical Devices	\$5,098	4.4x	16.6x
8/27/2015	Accellent Inc.	United States	Greatbatch, Inc.	Medical Devices	\$1,730	-	-
8/6/2015	Merge Healthcare Incorporated	United States	International Business Machines Corporation	Health Care Technology	\$975	4.3x	24.7x
8/4/2015	IPC Healthcare, Inc.	United States	Team Health Holdings, Inc.	Hospitals	\$1,476	2.1x	21.0x
7/26/2015	Allergan plc, Global Generic Pharmaceuticals Business	United States	Teva Pharmaceutical Industries Limited	Pharmaceuticals	\$40,500	-	-
7/21/2015	Thoratec Corp.	United States	SJM International, Inc.	Medical Devices	\$3,422	7.1x	48.6x
7/21/2015	Capella Healthcare, Inc.	United States	MPT Operating Partnership, L.P.	Hospitals	\$1,470	1.9x	14.3x
7/10/2015	Baxalta Incorporated	United States	Shire plc	Biotechnology	\$30,907	5.2x	14.2x
7/2/2015	Humana Inc.	United States	Aetna Inc.	Managed Healthcare	\$36,270	0.7x	14.0x
7/2/2015	Health Net, Inc.	United States	Centene Corp.	Managed Healthcare	\$6,092	0.4x	16.0x

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

Company Name	Latest Twelve Months (LTM)								Enterprise Value	
	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Ambulatory Surgery										
Am Surg Corp.	\$3,765	\$6,054	77.71	88.9%	\$2,297	113.2%	\$404	17.6%	2.6x	15.0x
Ambulatory Surgery Mean	\$3,765	\$6,054		88.9%	\$2,297	113.2%	\$404	17.6%	2.6x	15.0x
Ambulatory Surgery Median	\$3,765	\$6,054		88.9%	\$2,297	113.2%	\$404	17.6%	2.6x	15.0x
Assisted / Senior Living										
Brookdale Senior Living Inc.	\$4,237	\$10,634	22.96	57.6%	\$4,151	59.4%	\$792	19.1%	2.6x	13.4x
Capital Senior Living Corp.	\$591	\$1,276	20.05	72.3%	\$398	12.0%	\$70	17.5%	3.2x	18.3x
Five Star Quality Care Inc.	\$152	\$194	3.09	60.9%	\$1,115	1.8%	\$17	1.5%	NM	11.3x
Assisted / Senior Living Mean	\$1,660	\$4,035		63.6%	\$1,888	24.4%	\$293	12.7%	2.9x	14.3x
Assisted / Senior Living Median	\$591	\$1,276		60.9%	\$1,115	12.0%	\$70	17.5%	2.9x	13.4x
Behavioral Health										
Acadia Healthcare Company, Inc.	\$4,747	\$6,666	66.27	77.4%	\$1,409	78.3%	\$301	21.4%	4.7x	22.2x
Providence Service Corp.	\$700	\$1,120	43.58	77.8%	\$1,862	56.9%	\$111	5.9%	0.6x	10.1x
Behavioral Health Mean	\$2,723	\$3,893		77.6%	\$1,635	67.6%	\$206	13.7%	2.7x	16.1x
Behavioral Health Median	\$2,723	\$3,893		77.6%	\$1,635	67.6%	\$206	13.7%	2.7x	16.1x
Dental Practice Management										
Birner Dental Management Services Inc.	\$24	\$33	15.65	92.7%	\$64	(0.6%)	\$4	5.6%	0.5x	9.0x
Dental Practice Management Mean	\$24	\$33		92.7%	\$64	(0.6%)	\$4	5.6%	0.5x	9.0x
Dental Practice Management Median	\$24	\$33		92.7%	\$64	(0.6%)	\$4	5.6%	0.5x	9.0x
Diagnostic Imaging										
Alliance Healthcare Services, Inc.	\$103	\$603	9.76	37.8%	\$448	1.6%	\$98	21.8%	1.3x	6.2x
RadNet, Inc.	\$247	\$888	5.55	53.6%	\$755	7.7%	\$100	13.3%	1.2x	8.9x
Diagnostic Imaging Mean	\$175	\$746		45.7%	\$601	4.6%	\$99	17.5%	1.3x	7.5x
Diagnostic Imaging Median	\$175	\$746		45.7%	\$601	4.6%	\$99	17.5%	1.3x	7.5x

Source: Capital IQ

Selected Public Healthcare Companies (US\$ in millions, except per share amounts)										
Company Name	Latest Twelve Months (LTM)								Enterprise Value	
	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 HealthCare Partners Inc.	\$15,587	\$22,922	72.33	84.9%	\$13,290	8.3%	\$2,266	17.0%	1.7x	10.1x
Fresenius Medical Care AG & Co. KGAA	\$23,671	\$32,277	68.81	75.0%	\$17,125	9.3%	\$2,751	16.1%	1.9x	11.7x
Dialysis Mean	\$19,629	\$27,600		79.9%	\$15,207	8.8%	\$2,508	16.6%	1.8x	10.9x
Dialysis Median	\$19,629	\$27,600		79.9%	\$15,207	8.8%	\$2,508	16.6%	1.8x	10.9x
Distribution										
AmerisourceBergen Corporation	\$20,537	\$21,732	94.99	78.7%	\$135,962	13.7%	\$1,611	1.2%	NM	13.5x
Cardinal Health, Inc.	\$25,262	\$25,998	76.82	83.6%	\$106,516	17.5%	\$2,841	2.7%	NM	9.2x
Henry Schein, Inc.	\$11,068	\$11,757	132.72	88.5%	\$10,419	5.0%	\$850	8.2%	1.1x	13.8x
McKesson Corporation	\$43,002	\$47,184	185.03	76.0%	\$187,716	17.5%	\$4,136	2.2%	NM	11.4x
Owens & Minor Inc.	\$2,013	\$2,386	31.94	87.9%	\$9,777	5.5%	\$270	2.8%	NM	8.8x
Patterson Companies, Inc.	\$4,358	\$5,848	43.25	81.5%	\$4,579	11.1%	\$440	9.6%	1.3x	13.3x
PharMerica Corporation	\$866	\$1,195	28.47	77.0%	\$2,003	12.0%	\$134	6.7%	0.6x	8.9x
Distribution Mean	\$15,301	\$16,586		81.9%	\$65,282	11.8%	\$1,469	4.8%	1.0x	11.3x
Distribution Median	\$11,068	\$11,757		81.5%	\$10,419	12.0%	\$850	2.8%	1.1x	11.4x
General Acute Care										
Community Health Systems, Inc.	\$5,054	\$21,629	42.77	65.8%	\$19,557	15.5%	\$2,832	14.5%	1.1x	7.6x
HCA Holdings, Inc.	\$32,119	\$61,242	77.36	81.0%	\$39,065	8.2%	\$7,131	18.3%	1.6x	8.6x
LifePoint Health, Inc.	\$3,149	\$4,910	70.90	80.4%	\$5,107	22.4%	\$637	12.5%	1.0x	7.7x
Tenet Healthcare Corp.	\$3,676	\$18,039	36.92	60.6%	\$18,085	12.8%	\$2,131	11.8%	1.0x	8.5x
Universal Health Services Inc.	\$12,360	\$15,352	124.81	84.0%	\$8,765	12.2%	\$1,583	18.1%	1.8x	9.7x
General Acute Care Mean	\$11,271	\$24,234		74.4%	\$18,116	14.2%	\$2,863	15.0%	1.3x	8.4x
General Acute Care Median	\$5,054	\$18,039		80.4%	\$18,085	12.8%	\$2,131	14.5%	1.1x	8.5x
Healthcare IT										
Allscripts Healthcare Solutions, Inc.	\$2,343	\$2,929	12.40	80.5%	\$1,373	0.0%	\$80	5.8%	2.1x	NM
athenahealth, Inc.	\$5,152	\$5,337	133.35	87.0%	\$880	23.8%	\$68	7.8%	6.1x	NM
Cerner Corporation	\$20,691	\$20,755	59.96	79.2%	\$3,812	24.0%	\$1,070	28.1%	5.4x	19.4x
Computer Programs & Systems Inc.	\$476	\$439	42.13	65.0%	\$184	(12.2%)	\$34	18.2%	2.4x	13.1x
HMS Holdings Corp.	\$777	\$824	8.77	37.0%	\$453	(2.9%)	\$87	19.2%	1.8x	9.5x
Inovalon Holdings, Inc.	\$3,082	\$2,575	20.83	61.7%	\$387	19.1%	\$139	35.8%	6.7x	18.6x
MedAssets, Inc.	\$1,204	\$2,034	20.06	83.9%	\$764	10.4%	\$218	28.5%	2.7x	9.3x
Quality Systems Inc.	\$753	\$636	12.48	66.6%	\$499	8.0%	\$57	11.5%	1.3x	11.1x
Healthcare IT Mean	\$4,310	\$4,441		70.1%	\$1,044	8.8%	\$219	19.4%	3.6x	13.5x
Healthcare IT Median	\$1,773	\$2,305		72.9%	\$632	9.2%	\$84	18.7%	2.5x	12.1x
Home Health										
Addus HomeCare Corporation	\$344	\$305	31.15	86.9%	\$335	11.5%	\$24	7.2%	0.9x	12.7x
Almost Family Inc.	\$393	\$434	40.05	79.3%	\$506	17.5%	\$37	7.4%	0.9x	11.7x
Amedisys Inc.	\$1,278	\$1,341	37.97	78.6%	\$1,204	1.0%	\$89	7.4%	1.1x	15.1x
LHC Group, Inc.	\$804	\$827	44.77	86.4%	\$756	13.2%	\$63	8.4%	1.1x	13.1x
Home Health Mean	\$705	\$727		82.8%	\$700	10.8%	\$53	7.6%	1.0x	13.2x
Home Health Median	\$599	\$630		82.9%	\$631	12.3%	\$50	7.4%	1.0x	12.9x
Hospice										
Chemed Corp.	\$2,258	\$2,386	133.47	86.7%	\$1,524	6.9%	\$218	14.3%	1.6x	11.0x
Hospice Mean	\$2,258	\$2,386		86.7%	\$1,524	6.9%	\$218	14.3%	1.6x	11.0x
Hospice Median	\$2,258	\$2,386		86.7%	\$1,524	6.9%	\$218	14.3%	1.6x	11.0x

Source: Capital IQ

Selected Public Healthcare Companies (US\$ in millions, except per share amounts)										
Company Name	Latest Twelve Months (LTM)								Enterprise Value	
	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Laboratory										
Laboratory Corp. of America Holdings	\$10,966	\$17,136	108.47	82.7%	\$7,774	31.0%	\$1,566	20.1%	2.2x	10.9x
Quest Diagnostics Inc.	\$8,824	\$12,351	61.47	69.1%	\$7,527	3.0%	\$1,447	19.2%	1.6x	8.5x
Laboratory Mean	\$9,895	\$14,743		75.9%	\$7,650	17.0%	\$1,507	19.7%	1.9x	9.7x
Laboratory Median	\$9,895	\$14,743		75.9%	\$7,650	17.0%	\$1,507	19.7%	1.9x	9.7x
LTC/SNF										
Diversicare Healthcare Services Inc.	\$63	\$120	10.08	58.8%	\$376	25.0%	\$21	5.7%	NM	5.6x
Genesis Healthcare, Inc.	\$941	\$5,915	6.13	65.8%	\$5,056	0.0%	\$457	9.0%	1.2x	12.9x
Kindred Healthcare Inc.	\$1,321	\$4,357	15.75	63.9%	\$6,003	23.6%	\$414	6.9%	0.7x	10.5x
National Healthcare Corp.	\$868	\$893	60.89	91.6%	\$892	7.5%	\$107	11.9%	1.0x	8.4x
The Ensign Group, Inc.	\$1,090	\$1,084	42.63	78.8%	\$1,155	20.9%	\$97	8.4%	0.9x	11.2x
LTC/SNF Mean	\$857	\$2,474		71.8%	\$2,696	15.4%	\$219	8.4%	1.0x	9.7x
LTC/SNF Median	\$941	\$1,084		65.8%	\$1,155	20.9%	\$107	8.4%	1.0x	10.5x
Managed Care										
Aetna Inc.	\$38,150	\$45,405	109.41	81.4%	\$59,950	6.3%	\$5,220	8.7%	0.8x	8.7x
Anthem, Inc.	\$36,622	\$53,421	140.00	80.6%	\$77,953	7.1%	\$6,325	8.1%	0.7x	8.4x
Magellan Health, Inc.	\$1,491	\$1,486	55.43	75.9%	\$4,311	13.9%	\$210	4.9%	NM	7.1x
UnitedHealth Group Incorporated	\$110,623	\$120,884	116.01	91.9%	\$146,941	14.7%	\$12,465	8.5%	0.8x	9.7x
WellCare Health Plans, Inc.	\$3,798	\$3,672	86.18	87.2%	\$13,775	24.4%	\$408	3.0%	NM	9.0x
Managed Care Mean	\$38,137	\$44,974		83.4%	\$60,586	13.2%	\$4,926	6.6%	0.8x	8.6x
Managed Care Median	\$36,622	\$45,405		81.4%	\$59,950	13.9%	\$5,220	8.1%	0.8x	8.7x
PBM / Specialty Pharmacy										
BioScrip, Inc.	\$129	\$604	1.87	26.7%	\$1,022	13.2%	(\$52)	(5.1%)	0.6x	NM
Express Scripts Holding Company	\$54,707	\$70,721	80.96	85.6%	\$101,889	1.5%	\$6,904	6.8%	0.7x	10.2x
PBM / Specialty Pharmacy Mean	\$27,418	\$35,662		56.1%	\$51,455	7.4%	\$3,426	0.8%	0.6x	10.2x
PBM / Specialty Pharmacy Median	\$27,418	\$35,662		56.1%	\$51,455	7.4%	\$3,426	0.8%	0.6x	10.2x
Physical Rehab										
HEALTHSOUTH Corp.	\$3,509	\$5,565	38.37	79.3%	\$2,857	22.3%	\$586	20.5%	1.9x	9.5x
Select Medical Holdings Corporation	\$1,418	\$3,869	10.79	62.7%	\$3,420	14.1%	\$352	10.3%	1.1x	11.0x
US Physical Therapy Inc.	\$558	\$587	44.89	79.6%	\$313	12.6%	\$43	13.8%	1.9x	13.6x
Physical Rehab Mean	\$1,828	\$3,340		73.9%	\$2,197	16.4%	\$327	14.9%	1.7x	11.3x
Physical Rehab Median	\$1,418	\$3,869		79.3%	\$2,857	14.1%	\$352	13.8%	1.9x	11.0x
Physician Practice Mgmt.										
MEDNAX, Inc.	\$7,207	\$8,434	76.79	89.2%	\$2,689	14.1%	\$608	22.6%	3.1x	13.9x
Physician Practice Mgmt. Mean	\$7,207	\$8,434		89.2%	\$2,689	14.1%	\$608	22.6%	3.1x	13.9x
Physician Practice Mgmt. Median	\$7,207	\$8,434		89.2%	\$2,689	14.1%	\$608	22.6%	3.1x	13.9x
Staffing										
AMN Healthcare Services Inc.	\$1,430	\$1,642	30.01	80.1%	\$1,222	22.5%	\$111	9.1%	1.3x	14.8x
Cross Country Healthcare, Inc.	\$439	\$502	13.61	81.4%	\$756	65.0%	\$25	3.3%	0.7x	20.4x
On Assignment Inc.	\$1,942	\$2,731	36.90	88.9%	\$2,064	18.6%	\$203	9.8%	1.3x	13.5x
Team Health Holdings, Inc.	\$3,914	\$4,731	54.03	77.0%	\$3,221	26.6%	\$322	10.0%	1.5x	14.7x
Staffing Mean	\$1,931	\$2,401		81.8%	\$1,816	33.2%	\$165	8.0%	1.2x	15.8x
Staffing Median	\$1,686	\$2,186		80.7%	\$1,643	24.5%	\$157	9.5%	1.3x	14.7x

Source: Capital IQ

All figures in US\$; where applicable, converted at rates as of September 30, 2015

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

(2) Closing share prices as of September 30, 2015

(3) EBITDA reduced to account for minority interest expense

Deer Meadows
Retirement Community

has been acquired by

Catholic Health Care Services
ARCHDIOCESE OF PHILADELPHIA
Caring For Seniors

has been acquired by

KabaFusion
Patient-Focused Infusion Therapy

has been recapitalized by

R Advantage
Patient Safety Through Innovation
A portfolio company of Jemison Investment Co., Inc. and Stonehenge Growth Capital

has been acquired by

CITIZENS CHOICE
HEALTHPLAN-IMO

has been acquired by

BeneSys
A portfolio company of

has been acquired by

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Healthcare Investment Banking Contacts



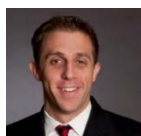
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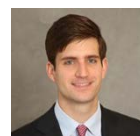
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