



KPMG Corporate Finance LLC

Healthcare Life Sciences
M&A Quarterly

Q3 2018



Global Life Sciences Sector Coverage ⁽¹⁾

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KPMG Corporate Finance ⁽¹⁾

KPMG Corporate Finance provides a broad range of investment banking and strategic advisory services to domestic and international clients and is a leading global middle-market investment banking platform

- Average 350 transactions annually for the last five years
- Over 2,500 investment banking professionals worldwide
- Offices in 84 countries with extensive cross-border abilities



Note:

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.



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Selected Recent Transactions ⁽¹⁾

  Divestiture of BeBionic assets to ottobock. KPMG CF advised Steeper on the divestiture of BeBionic assets to Ottobock Closed	 OLYMPUS Acquisition of  KPMG CF advised Olympus on the acquisition of Image Stream Medical Closed	 OLYMPUS Acquisition of lithotripsy systems business from  KPMG CF advised Olympus on the acquisition of Cybersonics Lithotripsy Systems Closed	  Sale to  KPMG CF advised Sividon Diagnostics on the sale to Myriad Genetics Closed	  Sale to  KPMG CF advised Biocomposites on the sale to TA Associates Closed
  Sale to  KPMG CF advised Synergy Health on the sale to Vernacare Closed	  Sale to  KPMG CF advised EPL Archives on the sale to VWR Corporation Closed	  Sale to  KPMG CF advised Seastar Chemicals on the sale to VWR Corporation Closed	 ERGOMED Acquisition of  KPMG CF advised Ergomed on the acquisition of Pharminvent Closed	 Baxter Divestiture of FFS infusion business in India to  KPMG CF advised Baxter on the sale of its form-fill-seal (FFS) infusion business in India to Eurolife Closed
  Sale to  KPMG CF advised Sygnature Discovery on the sale to Phoenix Equity Partners Closed	  Investment in  KPMG CF advised AnGes MG in Japan on the investment in Vical Incorporated Closed	  Acquisition of  KPMG CF advised Laboratorios Cinfa on the acquisition of Orliman Group Closed	 HITACHI Acquisition of KYOWA KIRIN KPMG CF advised Hitachi Chemical Co. on the acquisition of Kyowa Medex Closed	  Acquisition of  KPMG CF advised Shilpa Medicare on the acquisition of Navya Biologicals Closed

2013-2017 Advisor Rankings ⁽²⁾	# of Deals	2017 Advisor Rankings ⁽²⁾	# of Deals	September YTD 2018 ⁽²⁾	# of Deals
1. KPMG ⁽¹⁾	3,854	1. KPMG ⁽¹⁾	402	1. KPMG ⁽¹⁾	250
2. PwC	3,672	2. Rothschild	313	2. Rothschild	217
3. Ernst & Young	2,449	3. PwC	311	3. PwC	179
4. Deloitte	2,365	4. Houlihan Lokey	223	4. Houlihan Lokey	165
5. Rothschild	2,307	5. BDO	223	5. Ernst & Young	162
6. Lazard	1,782	6. Ernst & Young	222	6. Lazard	155
7. Houlihan Lokey	1,768	7. Deloitte	207	7. Deloitte	151
8. Goldman Sachs	1,760	8. Lazard	189	8. Sumitomo Mitsui Finl Grp	135
9. Morgan Stanley	1,736	9. Ind. & Comm Bank of China	184	9. Ind. & Comm Bank of China	124
10. BDO	1,662	10. IMAP	178	10. Goldman Sachs	123

Notes:
 (1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.
 (2) League tables include completed deals with values between \$0 to \$500mm or not disclosed. YTD 2018 represents period between Jan-Sep
 Source: Thomson Reuters SDC.



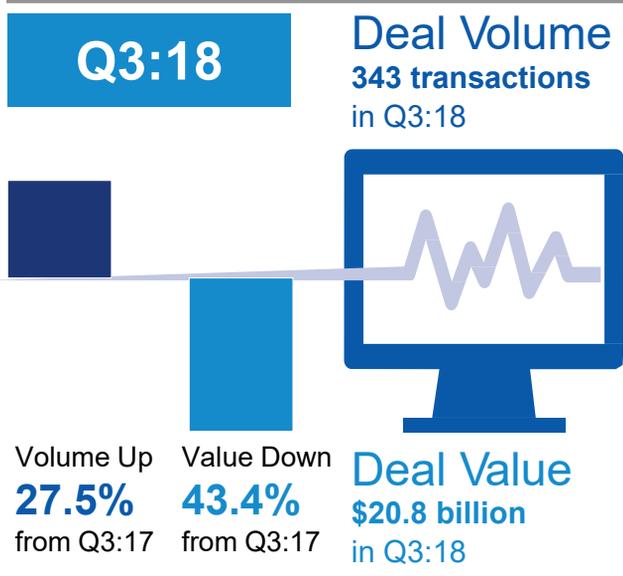
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Life Sciences M&A Newsletter - Q3 2018

Amidst changing regulatory landscape and tax reforms in the U.S., global life sciences M&A volume continued to grow in Q3:18. However, deal value witnessed a decline in absence of many mega deals as compared to Q3:17.

The life sciences sector registered 343 deals in Q3:18, a 27.5% increase as compared to the same quarter last year. Deal value declined by 43.4% year-over-year to \$20.8 billion in Q3:18 with only 4 deals falling under the billion-dollar mark. The pharma / biotech sub-sector dominated M&A activity both in terms of deal volume and value. Sponsor-backed deals reached a 10-year record high in the quarter due to significant dry powder. The U.S. and China captured the largest share of M&A deals in the life sciences space, followed by Canada where key positive regulatory developments are driving M&A activity.

LIFE SCIENCES M&A UPDATE



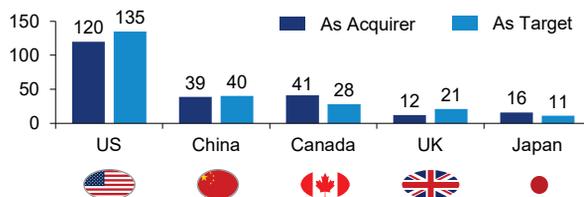
Sponsor-Backed M&A Activity

In Q3:18, financial buyers accounted for 10.5% of the total deal volume with 36 deals, the highest since 2008. PE/VC dry powder has reached a new high that bodes well for the sponsor-backed M&A activity in coming days.



Top Countries in Life Sciences M&A Q3⁽¹⁾

US, China and Canada remained the most active destinations, constituting ~73% of the total deal volume as acquirer and target nation in life sciences M&A.



Mega Deal: \$1.5 billion



On September 20, 2018, Medtronic plc entered into a definitive merger agreement to acquire the remaining

88.6% stake in Mazor Robotics Ltd. for \$1.5 billion. Mazor's acquisition adds robotic-assisted guidance systems to Medtronic's portfolio and also, helps Medtronic to strengthen its market position in spinal solutions. Mazor will benefit from improved geographical reach and additional sales channels.

Deal Multiples

M&A deals on average fetched EV/EBITDA multiples of 14.1x, which reflects all-time high valuations since 2008.

Sub-Sector in Focus

Pharmaceuticals / biotechnology deals witnessed a significant surge in the third quarter, making up 51.0% of the total deal volume. This quarter witnessed the highest contribution of pharmaceutical deals since 2008.

Big pharma companies continued to remain active in deal making in order to get new technologies through early licensing and partnership agreements.

Advancements in CAR-T and gene therapy along with the progress of digital technologies for the R&D processes could take deal making higher in the coming years.

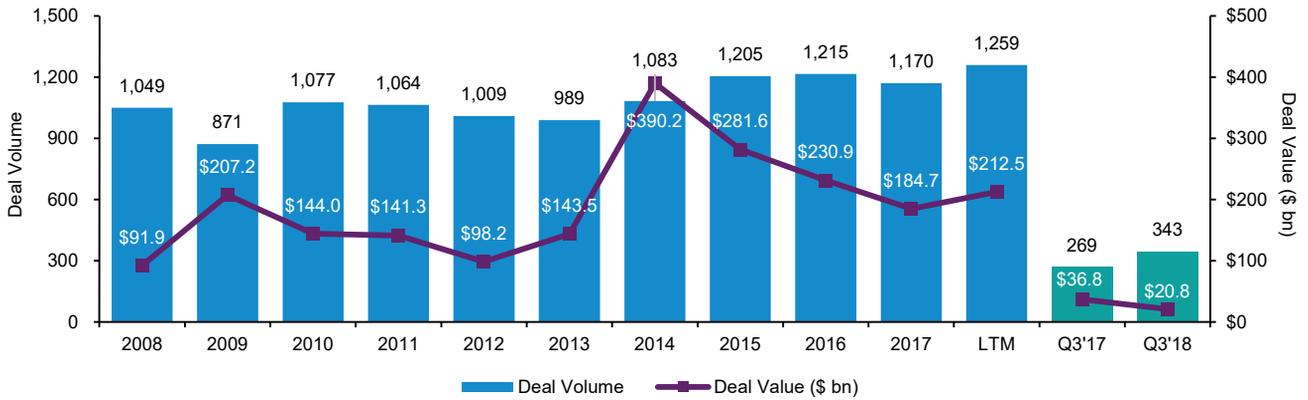
Note: (1) Deal volume includes both domestic and cross-border deals.
Sources: Capital IQ and publically available information.



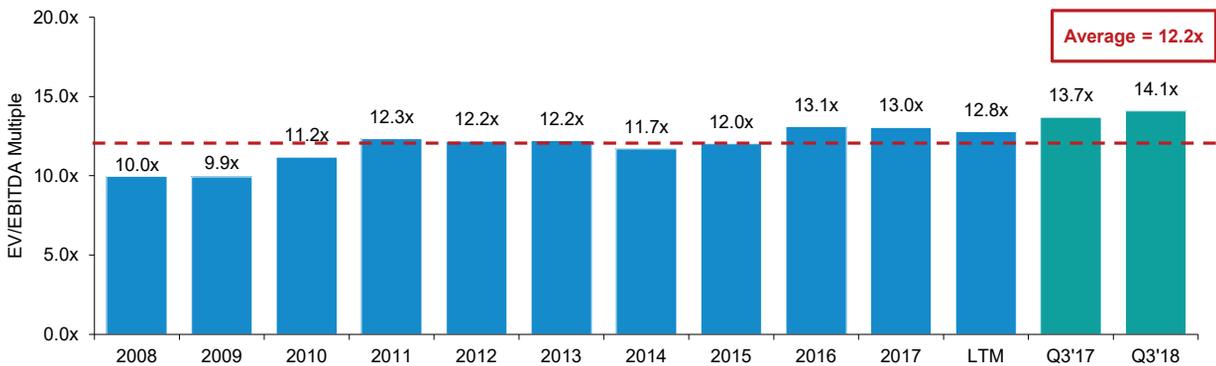
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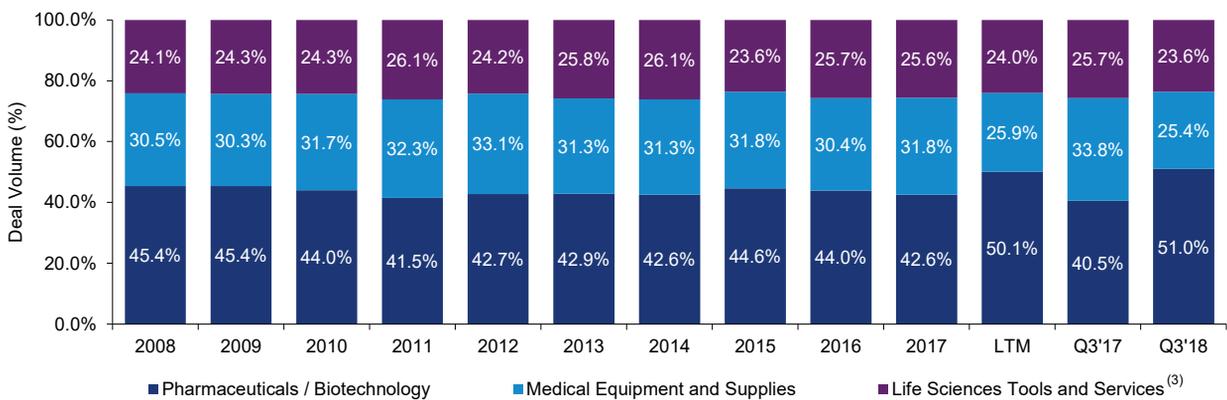
Global Life Sciences M&A Activity ⁽¹⁾



Global Life Sciences Average EV/EBITDA Deal Multiples ⁽²⁾



Global Life Sciences Deal Volume by Sub-Sector



Notes:

M&A analysis is based on deals (majority stake) announced and/or closed during the corresponding time periods.

(1) Deal value represents aggregate deal value for disclosed transactions.

(2) EV/EBITDA multiples greater than 25.0x were excluded from the analysis.

(3) Life Sciences Tools and Services sub-sector includes Outsourced Pharmaceutical Services, Medical Distributors, and Medical Laboratory Services.

Source: Capital IQ.



Life Sciences M&A Newsletter - Q3 2018

Selected Life Sciences M&A Transactions - Q3:18							
<i>(US\$ in millions)</i>							
Date Announced	Target	Target Country/Region	Buyer	Sub-Sector	Implied Enterprise Value (TEV)	TEV / Revenue ⁽¹⁾	TEV / EBITDA ⁽¹⁾
9/28/2018	Tusk Therapeutics Ltd.	United Kingdom	Roche Holding AG	Biotechnology	\$761	NA	NA
9/26/2018	GENEWIZ, Inc.	United States	Brooks Automation, Inc.	Life Sciences Tools and Services	\$450	NA	NA
9/25/2018	Syntimmune, Inc.	United States	Alexion Pharmaceuticals, Inc.	Biotechnology	\$1,200	NA	NA
9/20/2018	Mazor Robotics Ltd.	Israel	Medtronic plc	Health Care Equipment	\$1,544	NM	NM
9/19/2018	Celenex, Inc.	United States	Amicus Therapeutics, Inc.	Biotechnology	\$452	NA	NA
9/13/2018	Global Nutritionals Business of Aspen Pharmacare	South Africa	Groupe Lactalis S.A.	Pharmaceuticals	\$873	4.2x	NA
9/6/2018	Dermatology and Oral Solids Businesses of Sandoz / Eon Labs	United States	Aurobindo Pharma USA, Inc.	Pharmaceuticals	\$1,000	0.8x	NA
9/6/2018	Augmenix, Inc.	United States	Boston Scientific Corporation	Health Care Equipment	\$600	NA	NA
8/29/2018	K2M Group Holdings, Inc.	United States	Stryker Corporation	Health Care Equipment	\$1,340	4.9x	NM
8/28/2018	Adapt Pharma Ltd.	Ireland	Emergent BioSolutions Inc.	Pharmaceuticals	\$720	NA	NA
8/24/2018	Cartiva, Inc.	United States	Wright Medical Group, Inc.	Health Care Equipment	\$435	NA	NA
8/17/2018	Ziyo Ltd.	United Kingdom	Novo Nordisk A/S	Biotechnology	\$800	NA	NA
8/3/2018	US Medical Dermatology Portfolio of Allergan plc	United States	Almirall, LLC	Pharmaceuticals	\$650	NA	NA
7/30/2018	TOBI Podhaler and TOBI Solution of Novartis AG	Switzerland	Mylan N.V.	Pharmaceuticals	\$463	NA	NA
7/20/2018	Halo Pharmaceutical Canada Inc.	United States	Cambrex Corporation	Pharmaceuticals	\$425	4.0x	15.7x
7/19/2018	Agilis Biotherapeutics, LLC	United States	PTC Therapeutics, Inc.	Biotechnology	\$945	NA	NA
7/11/2018	Visterra, Inc.	United States	Otsuka America, Inc.	Biotechnology	\$430	NA	NA
7/11/2018	Sensile Medical AG	Switzerland	Gerresheimer AG	Health Care Equipment	\$410	NA	NA

Notes:

All figures in US\$; where applicable, converted at rates as of September 30, 2018.

(1) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x, respectively, are considered "NM".

Source: Capital IQ.



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Life Sciences M&A Newsletter - Q3 2018

Selected Public Life Sciences Companies - Closing Share Prices as of September 30, 2018

(US\$ in millions, except per share amounts)

Company Name	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Latest Twelve Months (LTM)			Enterprise Value ⁽⁴⁾		
					Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Pharmaceuticals										
Allergan plc	\$64,657	\$88,312	\$190.48	88.6%	\$16,157	7.2%	\$7,408	45.9%	5.5x	11.9x
AstraZeneca PLC	\$98,544	\$114,263	\$77.79	97.3%	\$22,342	2.8%	\$4,608	20.6%	5.1x	24.8x
Eli Lilly and Company	\$107,042	\$112,401	\$107.31	99.5%	\$23,874	8.5%	\$7,377	30.9%	4.7x	15.2x
GlaxoSmithKline plc	\$98,517	\$129,751	\$20.05	94.2%	\$39,604	0.6%	\$9,565	24.2%	3.3x	13.6x
Merck & Co., Inc.	\$188,667	\$204,543	\$70.94	99.1%	\$41,259	3.1%	\$11,845	28.7%	5.0x	17.3x
Mylan N.V.	\$18,870	\$33,167	\$36.60	76.5%	\$11,719	(2.4%)	\$3,550	30.3%	2.8x	9.3x
Novartis AG	\$200,753	\$220,497	\$86.47	95.6%	\$52,220	6.9%	\$15,725	30.1%	4.2x	14.0x
Pfizer Inc.	\$258,343	\$285,904	\$44.07	99.1%	\$53,244	1.7%	\$21,424	40.2%	5.4x	13.3x
Sanofi	\$110,124	\$135,043	\$88.95	88.6%	\$40,798	(3.7%)	\$10,811	26.5%	3.3x	12.5x
Takeda Pharmaceutical	\$33,593	\$40,148	\$42.83	72.6%	\$15,988	1.5%	\$3,499	21.9%	2.5x	11.5x
Teva Pharmaceutical	\$21,934	\$54,070	\$21.54	83.0%	\$20,781	(11.3%)	\$5,657	27.2%	2.6x	9.6x
Pharmaceuticals Mean	\$109,186	\$128,918		90.4%	\$30,726	1.4%	\$9,225	29.7%	4.0x	13.9x
Pharmaceuticals Median	\$98,544	\$114,263		94.2%	\$23,874	1.7%	\$7,408	28.7%	4.2x	13.3x
Biotechnology										
AbbVie Inc.	\$143,220	\$177,230	\$94.58	75.1%	\$30,946	15.9%	\$12,954	41.9%	5.7x	13.7x
Alexion Pharmaceuticals, Inc.	\$30,980	\$32,998	\$139.01	95.9%	\$3,745	9.7%	\$1,708	45.6%	8.8x	19.3x
Amgen Inc.	\$134,173	\$139,275	\$207.29	98.6%	\$23,188	0.6%	\$12,510	54.0%	6.0x	11.1x
Biogen Inc.	\$71,172	\$73,876	\$353.31	90.9%	\$12,872	9.9%	\$6,698	52.0%	5.7x	11.0x
Celgene Corporation	\$62,944	\$80,814	\$89.49	60.8%	\$14,122	15.8%	\$5,061	35.8%	5.7x	16.0x
Gilead Sciences, Inc.	\$100,090	\$102,047	\$77.21	86.2%	\$23,197	(18.5%)	\$12,203	52.6%	4.4x	8.4x
Biotechnology Mean	\$90,430	\$101,040		84.6%	\$18,012	5.6%	\$8,522	47.0%	6.1x	13.2x
Biotechnology Median	\$85,631	\$91,431		88.6%	\$18,655	9.8%	\$9,450	48.8%	5.7x	12.4x
Medical Equipment & Supplies										
Abbott Laboratories	\$128,697	\$146,333	\$73.36	99.7%	\$29,575	25.3%	\$6,840	23.1%	4.9x	21.4x
Baxter International Inc.	\$41,187	\$41,828	\$77.09	98.4%	\$11,000	7.0%	\$2,351	21.4%	3.8x	17.8x
Becton, Dickinson and Company	\$69,834	\$90,687	\$261.00	98.7%	\$14,747	21.3%	\$4,269	28.9%	6.1x	21.2x
Boston Scientific Corporation	\$53,243	\$59,528	\$38.50	98.4%	\$9,500	9.0%	\$2,571	27.1%	6.3x	23.2x
Hologic, Inc.	\$11,152	\$13,840	\$40.98	90.9%	\$3,207	7.5%	\$1,038	32.3%	4.3x	13.3x
Koninklijke Philips N.V.	\$42,462	\$46,310	\$45.58	98.1%	\$20,628	(0.6%)	\$2,648	12.8%	2.2x	17.5x
Medtronic plc	\$132,850	\$147,085	\$98.37	98.2%	\$29,947	0.04%	\$9,514	31.8%	4.9x	15.5x
Olympus Corporation	\$13,343	\$13,818	\$39.08	95.2%	\$7,174	5.8%	\$991	13.8%	1.9x	13.9x
Siemens Healthineers AG	\$44,005	\$48,372	\$44.00	94.8%	\$15,740	NA	\$2,935	18.6%	3.1x	16.5x
Smith & Nephew plc	\$15,935	\$17,326	\$18.26	97.1%	\$4,869	4.1%	\$1,249	25.7%	3.6x	13.9x
Stryker Corporation	\$66,451	\$71,733	\$177.68	98.8%	\$13,040	9.1%	\$3,564	27.3%	5.5x	20.1x
Zimmer Biomet Holdings, Inc.	\$26,752	\$35,807	\$131.47	97.7%	\$7,927	2.1%	\$2,704	34.1%	4.5x	13.2x
Medical Equipment & Supplies Mean	\$53,826	\$61,055		97.2%	\$13,946	7.5%	\$3,390	24.8%	4.3x	17.3x
Medical Equipment & Supplies Median	\$43,234	\$47,341		98.1%	\$12,020	6.4%	\$2,676	26.4%	4.4x	17.0x

Notes:

All figures in US\$; where applicable, converted at rates as of September 30, 2018.

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

(2) Closing share prices as of September 30, 2018.

(3) EBITDA reduced to account for minority interest expense.

(4) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x, respectively, are considered "NM".

Source: Capital IQ.



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Selected Public Life Sciences Companies - Closing Share Prices as of September 30, 2018

(US\$ in millions, except per share amounts)

Company Name	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Latest Twelve Months (LTM)			Enterprise Value ⁽⁴⁾		
					Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Laboratory Tools & Diagnostics										
Agilent Technologies, Inc.	\$22,486	\$22,154	\$70.54	94.1%	\$4,809	9.4%	\$1,169	24.3%	4.6x	19.0x
Bio-Rad Laboratories, Inc.	\$9,260	\$8,882	\$312.99	90.7%	\$2,283	9.5%	\$356	15.6%	3.9x	24.9x
Bio-Techne Corporation	\$7,701	\$7,859	\$204.11	99.1%	\$643	14.2%	\$203	31.5%	NM	NM
Brooks Automation, Inc.	\$2,474	\$2,449	\$35.03	88.1%	\$802	20.0%	\$136	16.9%	3.1x	18.0x
Bruker Corporation	\$5,228	\$5,190	\$33.45	91.6%	\$1,842	10.7%	\$312	16.9%	2.8x	16.6x
Danaher Corporation	\$76,035	\$86,452	\$108.66	99.4%	\$19,290	10.7%	\$4,782	24.8%	4.5x	18.1x
Eurofins Scientific SE	\$10,063	\$11,967	\$568.14	87.3%	\$3,871	21.7%	\$687	17.7%	3.1x	17.4x
Illumina, Inc.	\$53,958	\$52,794	\$367.06	98.5%	\$3,103	24.8%	\$1,060	34.2%	NM	NM
Lonza Group Ltd	\$25,480	\$29,304	\$343.20	98.5%	\$5,912	32.8%	\$1,479	25.0%	5.0x	19.8x
PerkinElmer, Inc.	\$10,771	\$12,609	\$97.27	99.5%	\$2,543	18.7%	\$508	20.0%	5.0x	24.8x
QIAGEN N.V.	\$8,600	\$9,492	\$37.88	96.0%	\$1,482	8.8%	\$512	34.5%	6.4x	18.5x
Thermo Fisher Scientific Inc.	\$98,315	\$116,970	\$244.08	99.6%	\$23,094	20.3%	\$5,781	25.0%	5.1x	20.2x
Waters Corporation	\$15,003	\$13,903	\$194.68	88.4%	\$2,380	7.6%	\$824	34.6%	5.8x	16.9x
Laboratory Tools & Diagnostics Mean	\$26,567	\$29,233		94.7%	\$5,543	16.1%	\$1,370	24.7%	4.5x	19.5x
Laboratory Tools & Diagnostics Median	\$10,771	\$12,609		96.0%	\$2,543	14.2%	\$687	24.8%	4.6x	18.5x
Outsourced Pharma Services										
Catalent, Inc.	\$6,614	\$8,925	\$45.55	95.2%	\$2,463	20.3%	\$491	19.9%	3.6x	18.2x
Charles River Laboratories International, Inc.	\$6,462	\$8,097	\$134.54	99.0%	\$2,022	11.9%	\$467	23.1%	4.0x	17.3x
ICON Public Limited Company	\$8,353	\$8,329	\$153.75	99.8%	\$2,157	25.5%	\$431	20.0%	3.9x	19.3x
IQVIA Holdings Inc.	\$26,284	\$36,090	\$129.74	98.5%	\$8,475	8.6%	\$1,762	20.8%	4.3x	20.5x
PRA Health Sciences, Inc.	\$7,093	\$8,270	\$110.19	97.6%	\$2,352	28.2%	\$382	16.3%	3.5x	21.6x
Syneos Health, Inc.	\$5,305	\$8,035	\$51.55	86.7%	\$3,472	NM	\$442	12.7%	2.3x	18.2x
West Pharmaceutical Services, Inc.	\$9,080	\$9,051	\$123.47	99.2%	\$1,677	8.6%	\$347	20.7%	5.4x	NM
Outsourced Pharma Services Mean	\$9,884	\$12,400		96.6%	\$3,231	48.5%	\$617	19.1%	3.9x	19.2x
Outsourced Pharma Services Median	\$7,093	\$8,329		98.5%	\$2,352	20.3%	\$442	20.0%	3.9x	18.8x
Distribution										
AmerisourceBergen Corporation	\$19,952	\$22,329	\$92.22	86.8%	\$163,763	8.0%	\$2,388	1.5%	0.1x	9.4x
Cardinal Health, Inc.	\$16,193	\$23,521	\$54.00	71.3%	\$136,809	5.3%	\$3,014	2.2%	0.2x	7.8x
Henry Schein, Inc.	\$13,019	\$15,085	\$85.03	97.3%	\$13,026	8.8%	\$1,057	8.1%	1.2x	14.3x
McKesson Corporation	\$26,500	\$34,178	\$132.65	74.2%	\$209,913	5.0%	\$3,698	1.8%	0.2x	9.2x
Owens & Minor, Inc.	\$1,029	\$2,581	\$16.52	55.5%	\$9,555	1.9%	\$229	2.4%	0.3x	11.3x
Patterson Companies, Inc.	\$2,283	\$3,047	\$24.45	60.6%	\$5,498	(2.3%)	\$251	4.6%	0.6x	12.1x
Distribution Mean	\$13,163	\$16,790		74.3%	\$89,761	4.5%	\$1,773	3.4%	0.4x	10.7x
Distribution Median	\$14,606	\$18,707		72.7%	\$74,918	5.1%	\$1,722	2.3%	0.2x	10.3x
Laboratory										
Laboratory Corporation of America Holdings	\$17,698	\$23,939	\$173.68	91.2%	\$10,979	13.2%	\$2,074	18.9%	2.2x	11.5x
Quest Diagnostics Incorporated	\$14,748	\$18,450	\$107.91	92.6%	\$7,831	5.4%	\$1,518	19.4%	2.4x	12.2x
Laboratory Mean	\$16,223	\$21,195		91.9%	\$9,405	9.3%	\$1,796	19.1%	2.3x	11.8x
Laboratory Median	\$16,223	\$21,195		91.9%	\$9,405	9.3%	\$1,796	19.1%	2.3x	11.8x

Notes:

All figures in US\$; where applicable, converted at rates as of September 30, 2018.

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

(2) Closing share prices as of September 30, 2018.

(3) EBITDA reduced to account for minority interest expense.

(4) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x, respectively, are considered "NM".

Source: Capital IQ.



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