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Healthcare Payer Services Market Analysis

Emerging shift from Fee-for-Service care to Value-Based Reimbursement model results in new challenges for the dynamic Healthcare Payer Services Industry

As a direct result of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), traditional fee-for-service payments are being replaced with a financial incentive framework that rewards improved quality, outcomes and cost. This transition to value-based care creates new challenges in which care providers will now have to emphasize patient outcomes compared to the traditional volume based approach. Recognizing that low-cost services will be fundamental to their success, numerous industry leaders are meeting these challenges by lowering administrative costs and restructuring their practices to deliver more efficient systems to record and foster successful patient outcomes. These regulatory changes have led to an increase in acquisitions that promote a more patient-focused health insurance business model.

Over the past seven years, our Healthcare Payer Services Index has generally tracked the S&P 500 Index. Given the dynamic nature and complexity of changes in the health insurance industry, the companies that have been more active in pursuing inorganic growth have been able to stay ahead of the competition.

The median revenue multiple for public companies in the space has risen to 2.4x vs 1.7x in 2015 while EBITDA multiples have jumped to 14.0x for the last-twelve months, from 11.2x in 2015. Median reported valuation multiples from M&A transactions over the past year are 1.7x revenue and 18x EBITDA, though these are skewed high, since usually only the larger deals report multiples. Smaller transactions would command lower multiples.

Recent Trends

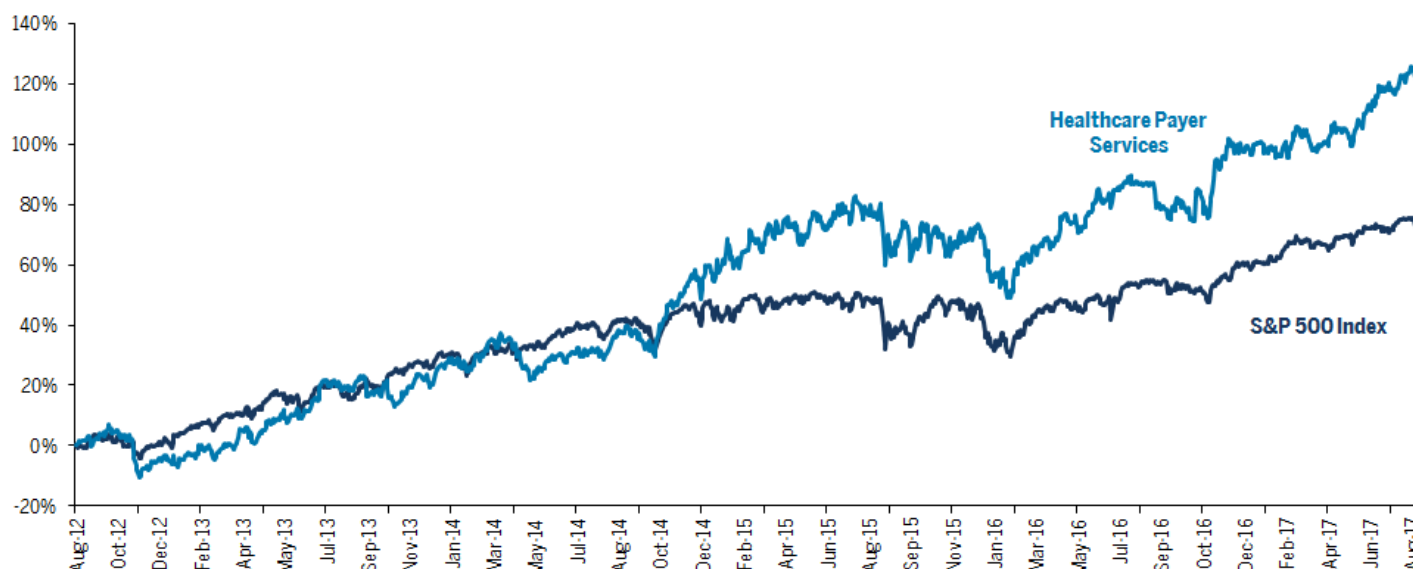
Payer services companies are rising to regulation challenges by offering tailored solutions to monitor and record patient outcomes. Centene Corp, a leading provider of managed care & specialty services to under-insured and uninsured individuals, reflects the industry's adaptation to regulation through several acquisitions it has completed. One major example is its \$6.8 billion acquisition of Health Net, which offers managed care services through government-sponsored plans. This acquisition makes Centene the largest Managed Care Organization in the U.S. Now, they can leverage their scale to offer consumers higher quality care at a lower price point.

The high-risk population market has also seen much transactional activity among larger and middle-market players to increase their market share and create scale to offer competitive pricing. In July 2017, Magellan Health acquired Senior Whole Health, which operates a plan to serve the complex, elderly and high-risk population. The acquisition expands Magellan's geographic presence in MLTSS.

There has also been active consolidation outside the U.S., driven by a growing awareness of the importance of data and automation as well as an increasing interest in gaining exposure to different international systems facing similar challenges. IMS Health Holdings' acquisition of a division of France-based Cegedim for \$523 million is a good example of this. In the past year there has also been notable M&A activity in Australia, Canada, the United Kingdom, the Netherlands, and Spain.

Healthcare Payer Services Index

Below is an index of selected healthcare payer services companies compared to the S&P 500 over the past five years.



*Healthcare Payer Services Index includes: Cegedim, CorVel, Exlservice, Express Scripts, HMS Holdings, IMS Health Holdings, National Research Corp, Qualicorp, UnitedHealth Group, Teladoc, Hooper Holmes, Castlight Health, Patriot National, Connecture, Benefitfocus and Tivity Health

Source: Capital IQ

Comparable Company Analysis

Below is a snapshot of selected companies in the healthcare payer services market.

| Company | Price | 52-Week | | EV* | Net Debt | Market Cap | EV/Sales | | | EV/EBITDA | | |
|---------------------------------|-----------|-----------|-----------|--------------|-------------|--------------|----------|------|-------|-----------|-------|-------|
| | | High | Low | | | | 2015 | 2016 | LTM | 2015 | 2016 | LTM |
| Cegedim SA | \$ 36.86 | \$ 40.01 | \$ 23.92 | \$ 665.2 | \$ 228.8 | \$ 436.4 | 1.5x | 1.3x | 1.5x | 8.0x | 21.2x | 24.2x |
| CorVel Corporation | \$ 51.50 | \$ 51.70 | \$ 31.00 | \$ 917.8 | \$ (35.0) | \$ 952.8 | 1.7x | 1.3x | 1.7x | 13.1x | 10.2x | 13.0x |
| ExlService Holdings, Inc. | \$ 56.31 | \$ 59.84 | \$ 42.00 | \$ 1,694.2 | \$ (191.8) | \$ 1,885.8 | 2.2x | 2.2x | 2.4x | 13.8x | 15.4x | 16.8x |
| Express Scripts Holding Company | \$ 62.79 | \$ 77.50 | \$ 57.80 | \$ 48,176.1 | \$ 12,634.0 | \$ 35,536.6 | 0.7x | 0.6x | 0.5x | 10.7x | 7.9x | 6.7x |
| HMS Holdings Corp. | \$ 17.72 | \$ 23.06 | \$ 15.94 | \$ 1,670.4 | \$ 188.6 | \$ 1,481.8 | 2.3x | 3.2x | 3.4x | 12.3x | 16.2x | 18.0x |
| Invent Medic Sweden AB (publ) | \$ 1.71 | \$ 3.01 | \$ 1.01 | \$ 120.7 | \$ (3.8) | \$ 124.5 | NM | NM | NM | NM | NM | NM |
| National Research Corporation | \$ 52.50 | \$ 57.21 | \$ 32.57 | \$ 843.0 | \$ (29.4) | \$ 872.4 | 4.2x | 4.8x | 7.4x | 14.0x | 14.7x | 21.6x |
| Qualicorp S.A. | \$ 11.81 | \$ 11.57 | \$ 5.33 | \$ 9,902.6 | \$ (312.8) | \$ 10,207.5 | 2.1x | 2.7x | 4.8x | 5.7x | 7.6x | 13.2x |
| UnitedHealth Group Incorporated | \$ 194.92 | \$ 196.04 | \$ 132.39 | \$ 208,988.9 | \$ 17,354.0 | \$ 187,802.9 | 0.9x | 0.9x | 1.1x | 11.2x | 12.0x | 13.4x |
| Teladoc Inc. | \$ 33.25 | \$ 36.90 | \$ 14.00 | \$ 1,695.8 | \$ (196.5) | \$ 1,892.3 | 7.3x | 5.9x | 10.8x | NM | NM | NM |
| Hooper Holmes Inc. | \$ 0.61 | \$ 1.83 | \$ 0.52 | \$ 29.1 | \$ 13.3 | \$ 15.8 | 0.3x | 0.4x | 0.8x | NM | NM | NM |
| Castlight Health Inc. | \$ 3.60 | \$ 5.50 | \$ 3.05 | \$ 390.2 | \$ (90.4) | \$ 480.7 | 3.4x | 3.9x | 3.4x | NM | NM | NM |
| Patriot National Inc. | \$ 1.55 | \$ 9.53 | \$ 1.48 | \$ 186.9 | \$ 146.6 | \$ 40.6 | 1.4x | 1.1x | 0.8x | 7.7x | 7.8x | 5.9x |
| Connecture Inc. | \$ 0.72 | \$ 2.44 | \$ 0.48 | \$ 38.5 | \$ 22.9 | \$ 15.6 | 1.3x | 1.3x | 0.5x | 19.7x | NM | NM |
| Benefitfocus Inc. | \$ 30.85 | \$ 42.49 | \$ 24.55 | \$ 992.8 | \$ 52.7 | \$ 940.1 | 5.5x | 3.9x | 4.0x | NM | NM | NM |
| Tivity Health Inc. | \$ 39.05 | \$ 41.55 | \$ 19.25 | \$ 1,667.4 | \$ 174.6 | \$ 1,492.8 | 1.6x | 2.3x | 3.1x | 7.3x | 10.8x | 14.5x |

*Enterprise Value (EV) = market capitalization + net debt + noncontrolling interest

All currency figures in USD. Price figures in actual dollars; EV, Net Debt, and Market Cap in millions

Market Cap and Enterprise Value as of 08/31/2017

Source: Capital IQ

| | EV/Sales | | | EV/EBITDA | | |
|--------|----------|------|-------|-----------|-------|-------|
| | 2015 | 2016 | LTM | 2015 | 2016 | LTM |
| High | 7.3x | 5.9x | 10.8x | 19.7x | 21.2x | 24.2x |
| Mean | 2.4x | 2.4x | 3.1x | 11.2x | 12.4x | 14.7x |
| Median | 1.7x | 2.2x | 2.4x | 11.2x | 11.4x | 14.0x |
| Low | 0.3x | 0.4x | 0.5x | 5.7x | 7.6x | 5.9x |

Select Comparable Transaction Analysis

Below is a snapshot of selected transactions in the healthcare payer services market.

| Date Closed | Target | Acquirer | Transaction Description | Transaction Value | Enterprise Value | Sales | EBITDA | EV*/ Revenue | EV*/ EBITDA |
|-------------|--|---|--|-------------------|------------------|---------|--------|--------------|-------------|
| 8/22/2017 | Quest Analytics LLC | Vestar Capital | New York-based Vestar, a private equity firm, acquired Quest Analytics, a Wisconsin-based provider of health plan provider network management software. Partnering with Vestar, Quest will not only have additional capital to invest and grow the business but also access to Vestar's data analytics and sector expertise. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/22/2017 | Ergo Sum Healthcare | SilverVue Inc. | Utah-based SilverVue, a transitional care software provider, acquired California-based Ergo Sum, an online platform provider that offers Medicare access and CHIP Reauthorization Act products. The acquisition allows SilverVue to offer clinicians practical preventative care resulting in lower costs, healthier patients, and more profitable clinical practices. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/17/2017 | Mayo Clinic Health Solutions | Medica Health Plans Inc. | Minnesota-based Medica, a health insurer, acquired Minnesota-based Mayo Clinic Health Solutions, which provides a web-based population health portal. The acquisition brings greater capabilities and flexibility through new technologies for Medica's customers. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/17/2017 | INETICO Inc. | United Claim Solutions LLC | Arizona-based UCS, a developer of payment integrity solutions for self-insured groups, acquired Florida-based INETICO, a healthcare claims and care management service provider. The addition of INETICO brings additional resources and capabilities to UCS and will augment its suite of payment integrity solutions. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/1/2017 | eAudit Solutions | 340B Holdings | Pennsylvania-based 340B, a provider of a automated drug discount platform, acquired Texas-based eAudit, a virtual inventory management software platform provider. The acquisition seeks to offer covered entities an end-to-end solution by adding split-billing capabilities to 340B contract pharmacy management. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/17/2017 | Georgia-based occupational health clinic | U.S. Healthworks Inc. | California-based U.S. Healthworks, an operator of occupational and urgent care centers in the U.S., acquired a Georgia-based occupational medicine clinic. The acquisition seeks to expand U.S. Healthworks' geographic presence in the South. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/16/2017 | Mobile Doctors 24-7 | Emirates Hospital | Emirates Hospital, operating acute care centers in the United Arab Emirates, acquired UAE-based Mobile Doctors, a provider of population health management services for healthy, acute and chronic conditions through telemedicine. The acquisition allows Emirates Hospital to offer a solution to align both consumers and payers. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/14/2017 | Beijing Bayhood No.9 Cloud Health Technology Company Limited | Riswein Health Industry Investment Co. Ltd. | China-based Riswein, a provider of elderly healthcare management services, acquired China-based Bayhood, an online health services provider. The acquisition aims to leverage Bayhood's online platform to increase accessibility for Riswein senior customers. | 1.5 | 1.5 | N/A | N/A | N/A | N/A |
| 7/13/2017 | Senior Whole Health (SWH) | Magellan Health, Inc. (Nasdaq:SMGLN) | Arizona-based Magellan, a healthcare management business, acquires Senior Whole Health, which operates a plan to serve complex, high-risk populations, providing both Medicare and Medicaid dual-eligible benefits to more than 22,000 members in Massachusetts and New York. This will expand Magellan's geographic presence in MLTSS. | 400.0 | 400.0 | 1,000.0 | N/A | 0.4x | N/A |
| 7/11/2017 | HolaDoctor Inc | Pan-American Life Insurance Group | Louisiana-based PALIG, a life, accident and health insurance provider, acquired Georgia-based HolaDoctor, an operator of bilingual health and wellness portals for Hispanic customers. The acquisition will enhance PALIG's offering of wellness and health risk assessment tools for clients and make their offering more attractive to employers in Latin America and U.S. companies that employ a large number of Hispanics. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/11/2017 | eHealthScreenings | Premise Health Holding Corp. | Tennessee-based Premise, a worksite health and patient recovery company, acquired eHealthScreenings, a Texas-based provider of biometric screenings. These new capabilities allows Premise to extend into a wide array of health testing options enabled by eHealthScreenings' network of over 3,000 wellness technicians with access to over 1,700 lab locations across the U.S. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/11/2017 | First Recovery Group | Aeneas Buyer Corp. (d/b/a Equian, LLC) | Indiana-based Aeneas, a provider of healthcare reimbursement analysis solutions, acquired Missouri-based First Recovery Group, a healthcare cost management provider, to support Equian's growth strategy through market expansion into Medicare and Medicaid. Additionally, the acquisition enhances Equian's legal expertise in government, commercial, and mass tort law. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/10/2017 | RowdMap Inc. | Cotiviti Holdings Inc. | Georgia-based Cotiviti, a provider of analytics driven payment solutions to the healthcare sector, acquired Kentucky-based RowdMap, a payer-provider value-based analytics company. With the addition of RowdMap, Cotiviti will be able to offer adjacent solutions to payment accuracy that together target over \$600 billion of the estimated \$900+ billion in waste and abuse in healthcare expenditures. | 70.0 | 70.0 | N/A | N/A | N/A | N/A |
| 7/5/2017 | Missouri-based occupational health clinic | U.S. Healthworks Inc. | California-based Healthworks, an operator of occupational and urgent care centers in the U.S., acquired a Missouri-based occupational medicine clinic. The acquisition seeks to expand U.S. Healthworks' geographic presence in the U.S. Midwest. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/30/2017 | Grove Medical Equipment, LLC | SleepQuest Inc. | California-based SleepQuest, a provider of disease management services for sleep apnea, acquired California-based Grove Medical, a provider of sleep related therapy products. This expands SQ's service base in the San Francisco Bay Area and offers their patients telehealth services. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/24/2017 | Virginia Health Network | MedCost LLC | MedCost, a North Carolina-based health management company that provides preferred provider network and health management programs, acquired Virginia Health Network, a Virginia-based organizer of networks of health care providers, to expand MedCost's health care network and geographic reach. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/22/2017 | Quality Plan Ltd | Wesleyan Assurance Society | Wesleyan Assurance, a British provider of financial advice and products to professional groups, GPs, hospital doctors, dentists, teachers, and lawyers, acquired Quality Plan, a British dental plan administrator, to expand Wesleyan's product offering and network reach. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/22/2017 | Medic Systems Inc. | Beacon Occupational Health and Safety Services Inc. | Beacon Occupational, a Alaska-based provider of medical, training, and safety services to health care organizations, acquired Medic Systems, a Louisiana-based Medical service provider, to expand its geographic reach. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/19/2017 | Best Doctors Inc. | Teladoc Inc. (NYSE:DOOC) | Teladoc, the largest telehealth platform in the U.S., based in New York, acquired Massachusetts-based Best Doctors, which provides expert medical consultation to improve health outcomes for the most complex, critical and costly medical issues. By leveraging their combined capabilities, members will have one simple, virtual, patient-centric way to resolve their healthcare issues, improving outcomes and reducing costs. | 440.0 | 440.0 | 92.2 | 6.5 | 4.8x | 67.7x |
| 6/16/2017 | Verklizan | Main Capital Partners B.V. | Main Capital, based in the Netherlands, will support Verklizan, which provides remote care alarms, in their quest to grow internationally, and to strengthen and expand their product portfolio through selective and complementary acquisitions. Verklizan is based in the Netherlands. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/14/2017 | Quantum Health Inc. | Great Hill Partners | Great Hill acquired Ohio-based Quantum Health, which provides care coordination solutions for mid-to-large self insured employer groups. Great Hill intends to accelerate existing company initiatives to further growth and innovation. | N/A | N/A | N/A | N/A | N/A | N/A |
| 6/9/2017 | Cypress Benefit Administrators LLC | Lucent Health Solutions Inc. | With its acquisition of Wisconsin-based Cypress, Tennessee-based Lucent Health has strengthened its market presence in the Midwest, Pacific Northwest and Rocky Mountain regions. Lucent Health now manages healthcare for over 200,000 members and 650 employer groups across the country. | N/A | N/A | N/A | N/A | N/A | N/A |
| 5/17/2017 | Matrix Healthcare | Express Scripts Holding Company (Nasdaq:ESRX) | Express Scripts, a Missouri-based pharmacy benefit management (PBM) company, acquired Matrix Healthcare Services, a Florida-based pharmacy and ancillary medical benefits management solutions provider, to expand its geographic reach and product offerings. | N/A | N/A | 49.0 | N/A | N/A | N/A |
| 5/11/2017 | Provant Health Solutions Inc. | Hooper Holmes Inc. (AMEX:HHI) | Hooper Holmes, a Kansas-based workplace health diagnostics and testing company, acquired Provant Health Solutions, a Rhode Island-based remote and onsite workplace wellness solutions for employees provider, to expand its wellness solutions business. | 7.4 | 7.4 | 32.9 | N/A | 0.2x | N/A |
| 5/2/2017 | WellHealth Quality Care | Cardiovascular Consultants of Nevada | Cardiovascular Consultants Of Nevada, a network of primary care physicians and specialists, acquired WellHealth Quality Care, a population health management organization, to expand its medical network within the state of Nevada. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/19/2017 | DPP Health Partners Co. | Data Horizon Corporation (TSE:3628) | Data Horizon Corporation, a Japanese provider of health service support systems for pharmaceutical companies, acquired DPP Health Partners, a Japanese disease management and prevention services provider, to expand Data Horizon's service offerings. | N/A | N/A | N/A | N/A | N/A | N/A |

*Enterprise Value (EV) = market capitalization + net debt + noncontrolling interest

Comparable Transaction Analysis, cont'd.

| Date Closed | Target | Acquirer | Transaction Description | Transaction Value | Enterprise Value | Sales | EBITDA | EV* / Revenue | EV* / EBITDA |
|-------------|--|---|---|-------------------|------------------|-------|--------|---------------|--------------|
| 4/18/2017 | Eliza Corporation | HMS Holdings Corp (Nasdaq:GSHMSY) | HMS Holdings, a Texas-based operator of a healthcare insurance benefit cost containment market, acquired Eliza Corporation, a Massachusetts-based provider of health engagement management solutions, to expand HMS's health management product line. | 172.0 | 172.0 | 35.0 | N/A | 4.9x | N/A |
| 4/18/2017 | ArroHealth | CIOX Health | CIOX Health, a Georgia-based health information exchange provider that streamlines coding and document management transfers, acquired ArroHealth, a New York-based technology-enabled risk adjustment solutions provider, to expand CIOX's technology solutions in healthcare. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/13/2017 | CMT Inc | Bertelsmann SE & Co. KGaA | Relias Learning, a North Carolina-based learning management systems provider and a subsidiary of Bertelsmann, acquired CMT, an evidence-based behavioral health analytics and decision support tools provider in North Carolina, to expand Relias' health analytics capability. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/4/2017 | WPC Healthcare, Inc. | Intermedix Corporation | Intermedix Corporation, a Florida-based technology-enabled health care solutions provider, acquired WPC Healthcare, a developer of data solutions to streamline workflow for the healthcare industry, to expand Intermedix's footprints in the healthcare technology industry. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/4/2017 | PMOA Inc | Mitchell International Inc | California-based Mitchell International acquired PMOA. Post-acquisition, PMOA's pharmacy benefit management (PBM) will be integrated into the Script Advisor platform of Mitchell International. PMOA is based in Alabama. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/3/2017 | ChargeCare International | Global Excel Management | Global Excel Management, a Canadian medical cost-containment solutions and claims management services provider, acquired ChargeCare, a British cost containment, claims administration, cashless services, and local support services provider, to expand Global Excel's geographic reach. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/3/2017 | Jiff Inc. | Castlight Health Inc (NYSE: CSLT) | California-based Castlight Health acquired California-based Jiff, a provider of HIPAA compliant social network and digital health apps for the healthcare industry. The combined platform will seek to improve every aspect of an employee's health experience: from staying healthy, to accessing care, to managing a condition. | 135.0 | 135.0 | 7.0 | N/A | 19.3x | N/A |
| 3/31/2017 | POMCO Inc. | UnitedHealth Group Incorporated (NYSE:UNH) | UnitedHealth Group, a health insurer based in Minnesota, acquired POMCO, a professional benefits administrator based in New York, to expand UnitedHealth's medical, vision, and dental benefits management services. | N/A | N/A | 324.4 | N/A | N/A | N/A |
| 3/28/2017 | RivalHealth LLC | Global Behavioral Solutions | Global Behavioral Solutions, a Georgia-based wellness and safety incentive programs provider, acquired RivalHealth, a provider of health and nutrition information online and through DVDs, to expand Global Behavioral's healthcare product offerings. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/23/2017 | Rolling Strong LLC | Velociti Inc. | Velociti, a Kansas-based technology deployment services provider, acquired Rolling Strong, a Nevada-based provider of health and wellness programs to transportation companies and their drivers, to add driver wellness coaching to its suite of trucking technology products. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/22/2017 | New England Mail Order Pharmacy (NEMOP) business of Pharmacy Health Services, Inc. | Serve You Custom Prescription Management, Inc. | Serve You, a Wisconsin-based PBM, acquired the Vermont-based New England Mail Order Pharmacy (NEMOP) business of Pharmacy Health Services, Inc., to help Serve You expand geographically. It also brings experience in 340B, complementing its existing mail order fulfillment capabilities. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/17/2017 | SJK Greater China Ltd. | Tianjin TEDA Biomedical Engineering Company Limited (SEHK:8189) | China-based Tianjin TEDA Biomedical Engineering Company Limited (SEHK:8189) completed the acquisition of 51% stake in SJK Greater China Ltd from Shu Ju Ku Inc. SJK Greater China offers electroencephalogram analysis and related technical support and training services to clinical institutions. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/16/2017 | Interra Health Inc. | Healics Inc. | For Interra and Healics clients, both based in Wisconsin, the merger will deliver a number of benefits: more customization of health and wellness programs and employer clinics; a broader range of services; and a simplification of choices. Interra provides workplace wellness programs and operates onsite clinics. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/15/2017 | HealthHelp Inc. | WNS Ltd. (NYSE:WNS) | Texas-based HealthHelp works with both payors and providers to improve patient outcomes and cost savings. Through the acquisition, WNS, a business process outsourcing company based in India, will increase its offerings for the insurance and healthcare industries. | 95.0 | 95.0 | N/A | N/A | N/A | N/A |
| 3/6/2017 | Premier COMP Medical Group | U.S. Healthworks Inc. | California-based U.S. HealthWorks, a subsidiary of Dignity Health, is one of the country's largest operators of occupational healthcare centers. Its acquisition of Premier COMP Medical Group takes the total number of US HealthWorks medical and worksite clinics to 247, in 21 states. | N/A | N/A | N/A | N/A | N/A | N/A |
| 3/2/2017 | PopHealthCare L.L.C. | GuideWell Mutual Holding Corp. | Florida-based GuideWell has acquired Arizona-based PopHealthCare as a foundation for GuideWell's expansion into population health management, focusing on post-acute and in-home care for individuals with complex and chronic illness. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/28/2017 | OverLai Inc | TruClinic LLC | With the addition of New York-based OverLai, Utah-based TruClinic will now be able to deliver a richer consumer experience through improved patient intake processes as well as alleviate data integration issues by connecting directly to the provider's health information systems. TruClinic provides a web-based telemedicine solution to connect patients and providers face to face. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/23/2017 | High Line Health | One Call Care Management, Inc. | Combining New York-based High Line's dynamic, visual platform with Florida-based One Call's unmatched expertise in workers' compensation will accelerate the pursuit of better outcomes for its customers and injured workers. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/16/2017 | Healix Risk Rating | Insurance Services Office Inc (Verisk) | The acquisition of U.K.-based Healix Risk Rating will further expand New Jersey-based Verisk's risk assessment offerings for the global insurance industry, providing solutions that can help underwrite medical coverage for travelers with greater speed, accuracy, and efficiency. Healix Risk Rating provides automated medical risk assessment in the travel insurance market. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/15/2017 | Working On Wellbeing Ltd. | OH Assist Limited | U.K.-based OH Assist, which provides occupational health services, acquired U.K.-based Working On Wellbeing to help scale their combined onsite, mobile and remote occupational health services. | 27.0 | 27.0 | N/A | N/A | N/A | N/A |
| 2/13/2017 | Valued Pharmacy Services | NFP Corp | Based in Missouri, VPS is a PBM consultant that provides customized prescription solutions to employers, health plans, self-funded groups, and individuals through contracts with major national PBMs and prescription assistance cards. The acquisition will augment New York-based NFP's consulting services with new products and services. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/10/2017 | Reach EAP | AllOne Health Resources Corporation | Pennsylvania-based AllOne Health, which provides employee assistance programs, acquired Reach EAP, a workplace performance improvement, also based in Pennsylvania. Through this partnership, AllOne Health will continue to expand its Employee Assistance Program offerings nationwide, while maintaining a strong regional EAP value for its customer base. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/7/2017 | Human Arc Corporation | Centauri Health Solutions | Arizona-based Centauri, a provider of risk adjustment software, acquired Ohio-based Human Arc, which works with providers and payors to identify individuals who may be eligible for government-sponsored health coverage or subsidies. The combined firm will service more than 20 million Medicare and Medicaid beneficiaries. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/2/2017 | NeuroCall Inc | Specialists On Call Inc | Virginia-based Specialists On Call provides physician consultations via telemedicine. Florida-based NeuroCall provides tele-stroke and tele-neurology services to acute care hospitals, critical access hospitals and freestanding emergency rooms. Combining the businesses will expand the business to offer tele-neurology consultations to over 350 acute care hospitals in the U.S. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/19/2017 | Physician Resource Management, Inc. | AssistRx, Inc. | AssistRx, a Florida-based developer of technology solutions for the specialty pharmaceutical industry, acquired Physician Resource Management, a Michigan-based operator of a web-based platform that aligns, streamlines, and unites care ecosystem for specialized conditions, to expand AssistRx's online capability. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/4/2017 | B-bros | UBCare Co., Ltd. | UBCare, a South Korean operator of healthcare solution company, acquired 42.7% stake in B-bros, a South Korean database and online information portal provider. UBCare provides a range of healthcare solutions, such as medical IT, medical distribution, pharmaceutical marketing, and U healthcare solutions. | 5.2 | 5.2 | N/A | N/A | N/A | N/A |

*Enterprise Value (EV) = market capitalization + net debt + noncontrolling interest

Comparable Transaction Analysis, cont'd.

| Date Closed | Target | Acquirer | Transaction Description | Transaction Value | Enterprise Value | Sales | EBITDA | EV* / Revenue | EV* / EBITDA |
|----------------------|--|---|---|-------------------|------------------|----------|--------|---------------|--------------|
| 12/2/2016 | Pharmaceutical Specialties, Inc. | Maxor National Pharmacy Services, LLC | Maxor, a Texas-based PBM and specialty pharmacy business, acquired Pharmaceutical Specialties, a Georgia-based specialty pharmacy. The acquisition brings national scale and increases the operational capabilities of Maxor's specialty pharmacy division. | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/1/2016 | Pharma International Inc. | Perigord Life Science Artwork Solutions | Perigord Life Science Artwork Solutions, an Irish developer of management software solutions for the pharmaceutical and life science industries, acquired Pharma International, a New York-based Web and package design services provider to life science companies, to add new software business lines. | N/A | N/A | N/A | N/A | N/A | N/A |
| 11/10/2016 | inVentiv Health Inc. | Advent International Corporation | Advent International Corporation, a private equity firm, acquired inVentiv Health, based in Massachusetts. Advent has long viewed the large and growing pharmaceutical outsourcing industry as one of the most attractive segments in healthcare. Inventiv provides clinical and commercial outsourced services to the biotech and healthcare sector worldwide. | N/A | 3,800.0 | 2,156.2 | 306.0 | 1.8x | 12.4x |
| 11/2/2016 | Neuroinsights, LLC | Cambridge Healthtech Institute, Inc. | Cambridge Healthtech Institute, based in Massachusetts, which operates a life science network for researchers and business experts, acquired Neuroinsights, a California-based conference organizer. The merged entity will expand Cambridge's knowledge network by using an advanced integrated data delivery platform. | N/A | N/A | N/A | N/A | N/A | N/A |
| 10/31/2016 | Sofus Regulatory Affairs AB | Xendo B.V. | Xendo, a Dutch provider of consultancy and project management services in the life sciences, pharmaceutical, and healthcare fields, acquired Sofus, a Swedish healthcare regulatory consulting firm. The acquisition bolsters Xendo's consultancy business through the addition of regulatory services. | N/A | N/A | N/A | N/A | N/A | N/A |
| 10/5/2016 | RxAnte Inc. | UPMC Enterprises | UPMC Enterprises, a Pennsylvania-based VC firm, acquired RxAnte, a Maine-based healthcare analytics platform. The deal provides RxAnte the growth capital to expand its analytics and clinical offerings for Medicare, Medicaid and commercial populations. | N/A | N/A | N/A | N/A | N/A | N/A |
| 10/3/2016 | GQ Life Sciences, Inc. | Aptean, Inc. | Aptean, a Georgia-based CRM software provider, acquired GQ Life Sciences, a Massachusetts-based life sciences information & search provider. The acquisition expands Aptean's ability to provide vertically-focused mission critical enterprise solutions by entering the Life Science and Big Data markets. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/26/2016 | COOKPAD Diet Lab Inc. | Medpeer Inc. | COOKPAD Diet Lab, a Japan-based dietary recipe sharing mobile application, was acquired by MedPeer, a Japanese remote medical consulting company. The acquisition allows Medpeer to add a best in breed mobile dietary platform to their dietary consulting business. | 2.3 | 2.3 | 1.7 | N/A | 1.3x | N/A |
| 9/1/2016 | Dymedex Consulting, LLC | Navigant Consulting, Inc. | Navigant Consulting, an Illinois-based medical management consulting conglomerate, acquired Dymedex Consulting, a Minnesota-based medical technology consulting company, to expand Navigant's capabilities in the medical technology and life science fields by leveraging Dymedex's proprietary market development tools. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/23/2016 | Pharmapar Inc. | AlliancePharma Inc. (d/b/a KDA Group Inc.) (TSXV:KDA) | Pharmapar, a Canadian distributor of generic drugs for privately insured individuals, was acquired by KDA Group, a pharmaceutical staffing and consulting company in Canada. The acquisition allows KDA to enter the pharmaceutical distribution business. | 11.1 | 11.1 | 17.0 | 0.5 | 0.6x | 20.6x |
| 8/22/2016 | WellDyneRx, Inc. | The Carlyle Group LP | The Carlyle Group, a U.S. private equity firm, acquired WellDyneRx, a New Jersey-based full-service prescription benefit manager, servicing its health plan members through a retail network of over 65,000 pharmacies nationwide. Carlyle plans to fund WellDyneRx to achieve greater scale through acquisitions. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/8/2016 (Announced) | AstraZeneca PLC, Conference Notes iPad app including the associated technology | Core-apps, LLC | Core-apps, a Maryland-based developer of smartphone apps for trade shows, acquired digital assets of AstraZeneca, a UK based developer of prescription medicines. The acquisition will allow Core-apps to scale the technology and for AstraZeneca to continue to utilize the popular app for medical conferences and events. | N/A | N/A | N/A | N/A | N/A | N/A |
| 8/4/2016 | Transcend Technologies Group, Inc. | Benefit Express Services LLC | Benefit Express, an Illinois-based cloud-centered employee benefits platform provider, acquired Transcend Technologies, a California-based based health insurance benefits software provider. The acquisition seeks to scale both companies complimentary offerings into one comprehensive employee benefits cloud platform. | N/A | N/A | N/A | N/A | N/A | N/A |
| 7/20/2016 | Wellcentive Inc. | Koninklijke Philips N.V. (ENXTAM:PHIA) | Philips, a Dutch health technology company that offers comprehensive clinical solutions and devices, acquired Wellcentive, a Georgia-based population health management and healthcare data analytics company. The acquisition will strengthen Philips' population health management business and leadership as health systems shift from volume to value-based care. | N/A | N/A | N/A | N/A | N/A | N/A |
| 4/27/2016 | Examworks Group Inc. | Leonard Green & Partners L.P. | Private equity firm Leonard Green acquired Georgia-based Examworks, a provider of independent medical examinations, peer & btl reviews, record retrieval and other related services in the U.S., Canada, U.K. and Australia. The acquisition will help diversify Leonard Green's healthcare portfolio as well as provide Examworks growth capital to scale operations. | 2,200.0 | 2,200.0 | 819.6 | 140.7 | 2.7x | 15.6x |
| 4/8/2016 | Truven Holding Corp. | International Business Machines Corporation (NYSE: IBM) | IBM, a provider of cognitive computing and IT products, acquired Michigan-based Truven, a provider of commercial and government healthcare analytics. The acquisition will integrate and expand Truven's analytic tools, benchmarks, and services with its own capabilities within the IBM Watson health business. | 2,600.0 | 2,600.0 | 599.0 | 156.0 | 4.3x | 16.7x |
| 3/24/2016 | Health Net, Inc. (NYSE:HNT) | Centene Corp. (NYSE:CNC) | The acquisition of California-based Health Net gives Missouri-based Centene the largest market share among private administrators of Medicaid and gives Centene access to the California Medicaid market. Centene offers managed care and specialty services to the healthcare insurance sector. Health Net provides managed care services through government health plans. | 6,800.0 | 6,800.0 | 14,539.3 | 350.3 | 0.5x | 19.4x |
| 2/9/2016 | IMWell Health, LLC | Premise Health Holding Corp. | Premise Health, a Tennessee-based provider of employee health care services, acquired Arkansas-based IMWell, a multi-site clinic operator that serves the post acute market. The acquisition is part of Premise's expansion plan to serve clinics that are located near multiple employers, including mid-size companies, school districts and municipalities. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/9/2016 | Management Group, LLC, The | Magellan Health, Inc. (Nasdaq:SMGLN) | Arizona-based Magellan, a healthcare management business, acquired The Management Group, which operates managed long-term services and supports (MLTSS) programs in Wisconsin. Magellan Health plans to leverage the capabilities gained through this acquisition as it seeks to expand its footprint in managed long-term services and supports (MLTSS). | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/9/2016 | SRC Solutions | Konekt Limited (ASX:KKT) | Konekt, a provider of organization health and risk management solutions in Australia acquired Australia-based SRC Solutions, a provider of consulting services to prevent workplace injuries. The acquisition allows Konekt to leverage SRC's significant number of federal and local government relationships which will further strengthen Konekt's position in the government and insurance markets. | N/A | N/A | N/A | N/A | N/A | N/A |
| 2/4/2016 | C-CHEC Ltd. | Iqarus Limited | Iqarus, a UK based onshore and offshore medical solutions manager to the energy market acquires C-Chec, a UK-based occupational hygiene consultancy. The acquisition places Iqarus at the heart of detection and prevention of workforce health issues and complements the investment Iqarus are making in technology and training multi-skilled medics to offer a higher quality, more efficient service to customer. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/29/2016 | Medical Settlement Advantage, LLC | Care Bridge International, Inc. | Florida-based Care Bridge, a provider of analytics and predictive modeling solutions for the healthcare sector, acquired Virginia-based Medical Settlement Advantage, which provides worker's compensation services for the healthcare sector. The acquisition allows Care Bridge to offer the full scope of MSP compliance services while leveraging their proprietary technology. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/28/2016 | Stratose, Inc. and GlobalCare Inc. | Zelis Healthcare Corp | PPS, a New Jersey-based electronic payments system for healthcare providers, merged with New Jersey-based Stratose and Premier Healthcare Exchange, and Georgia-based GlobalCare, all healthcare cost management/cost containment providers, to form Zelis Healthcare. The combined company will offer a technology solution for the claims cost containment and value management needs of healthcare payors. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/19/2016 | Advanced Medical Reviews, Inc. | ExamWorks Group, Inc. (NYSE: EXAM) | ExamWorks, a Georgia-based provider of independent medical examinations, reviews, Medicare compliance services and case management services, acquired California-based Advanced Medical Reviews, a provider of medical case review services. The acquisition expands ExamWorks' enabling technologies and core capabilities. AMR's unique capabilities also promote operational efficiencies and quality of the review process. | 30.0 | 30.0 | N/A | N/A | N/A | N/A |

*Enterprise Value (EV) = market capitalization + net debt + noncontrolling interest

Comparable Transaction Analysis, cont'd.

| Date Closed | Target | Acquirer | Transaction Description | Transaction Value | Enterprise Value | Sales | EBITDA | EV* / Revenue | EV* / EBITDA |
|-------------|--|---|--|-------------------|------------------|-------|--------|---------------|--------------|
| 1/12/2016 | Healium, Inc., Population Health Management Technology and Operating Platform | Apollo Medical Holdings, Inc. (OTCPK: AMEH) | California-based Apollo Medical, an operator of population health management services, acquired technology assets of Texas-based Healium, a provider of cloud and mobile-based population health management services. The acquisition expands ApolloMed's medical management and care coordination capabilities and positions the company for further market expansion. | N/A | N/A | N/A | N/A | N/A | N/A |
| 1/11/2016 | EDCO Group Inc. (d/b/a ABI Document Support Services, Inc.) | ExamWorks Group, Inc. (NYSE: EXAM) | ExamWorks, a Georgia-based independent medical examinations service provider, acquired California-based EDCO Group, a provider of record retrieval services for the legal & insurance industries, to allow ExamWorks to leverage ABI's platform to streamline workflow by delivering complete, accurate and accessible case files. | 62.0 | 62.0 | 40.0 | N/A | 1.6x | N/A |
| 1/7/2016 | PopSpring Wellness, LLC | WellNet Healthcare Administrators, Inc. | Maryland-based WellNet, a provider of healthcare cost management solutions, acquired Wisconsin-based PopSpring Wellness, a data analytics benefit management company, to solidify a longstanding relationship between the companies to provide corporate wellness solutions with integrated technology to Wisconsin-based employers since 2012. | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/31/2015 | Innovative Medical Risk Management Inc. | Payer Compass, LLC | Payer Compass, a Texas-based provider of pricing solutions for self-insured employers, acquired Innovative Medical Risk Management, a Florida-based medical management service, to allow the combined entity to combine their billing and advocacy expertise to provide clients effective cost containment solutions. | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/18/2015 | Immediate Medical Care Inc. | Dignity Health | California-based Dignity Health, an operator of inpatient & outpatient healthcare facilities, acquired California-based Immediate Medical Care, an urgent care and clinic facility for work-related injuries. The acquisition reflects Dignity's vision to become a national, integrated delivery network by 2020. With the acquisition, the combined entity now operates 224 medical and worksite clinics in 20 states. | N/A | N/A | N/A | N/A | N/A | N/A |
| 12/2/2015 | SmartCare® assets from Vantage Point Healthcare Information Systems, Inc. | Indegene Healthcare | Indegene, an India-based leader in global healthcare solutions for life sciences companies, payers, and providers, acquired SmartCare®, a population health analytics platform, from Connecticut-based Vantage Point, to strengthen Indegene's capabilities to support U.S. companies in navigating changes associated with the Affordable Care Act. | 8.0 | 8.0 | N/A | N/A | N/A | N/A |
| 11/12/2015 | Exalt Resources Limited | MedAdvisor Limited (ASX: MDI) | Australia-based MedAdvisor, a provider of self-care medical apps for health professionals acquired Australia-based Exalt Resources, a gold and base metals exploration company. The acquisition gives the combined entity a virtual pharmacist platform and expanded international presence. | N/A | N/A | N/A | N/A | N/A | N/A |
| 11/11/2015 | Outcome Resources, LLC | Hospice Pharmacy Solutions | Hospice Pharmacy Solutions, a Dallas-based pharmacy benefit management service (PBM), acquired California-based Outcome Resources, a provider of pharmacy benefit management solutions. The acquisition allows Hospice Pharmacy Solutions to enter the Pharmacy Benefit Management market. | N/A | N/A | N/A | N/A | N/A | N/A |
| 11/4/2015 | Examination Management Services, Inc. | Beecken Petty O'Keefe & Company | Beecken Petty O'Keefe & Company, a private equity firm, acquired a majority stake in Texas-based Examination Management Services, a provider of medical information retrieval services. The acquisition provides Examination Management Services the necessary growth capital & expertise to scale its operations. | N/A | N/A | N/A | N/A | N/A | N/A |
| 10/29/2015 | Applied Innovative Services; Innovative Training and Recruitment; Insite Injury Management Group | Konekt Limited (ASX:KKT) | Konekt, an Australian provider of organization health and risk management solutions, acquired Australia-based Applied Innovative Services, (IT&R and HR), providers of training services and employment assistance services. This will enable Konekt's additional growth in key market segments, servicing local, state wide and national customers. | 2.0 | 2.0 | N/A | N/A | N/A | N/A |
| 9/30/2015 | Outcomes Incorporated | Cardinal Health, Inc. (NYSE:CAH) | Ohio-based Cardinal Health's acquisition of Outcomes Incorporated strengthens its personalized MTM services and expands its patient network. Outcomes Incorporated is an Iowa-based company that delivers personalized Medication Therapy Management (MTM) services nationwide. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/25/2015 | WPC Healthcare, Inc. | Management of WPC Healthcare | The management of Tennessee-based WPC Healthcare, a provider of healthcare documentation and reference solutions acquired WPC Healthcare. The management led acquisition seeks to align WPC's healthcare strategy going forward. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/24/2015 | DentaQuest Mid-Atlantic, Inc. and DentaQuest Virginia, Inc. | Dominion Dental Services | In order to gain market share in the Mid-Atlantic region of the U.S., Dominion Dental Services, Virginia-based dental and vision benefits providers, acquired Maryland-based DentaQuest Mid-Atlantic and DentaQuest Virginia from DentaQuest Management. The transaction added scale to Dominion's benefit business. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/18/2015 | Energy Medical Services Business (n.k.a. Igarus Limited) | MML Capital Partners | UK-based MML Capital Partners, a private equity firm acquired Igarus, the British a provider of energy services to the healthcare sector. The acquisition adds off-shore health and wellbeing services to grow the business and for future add-on acquisitions. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/7/2015 | Right Corecare Limited | RehabWorks Limited | In order to strengthen the UK-based RehabWorks position in the corporate wellness market and expand services to include employee assistance programs (EAP), it acquired Right Corecare, which is a British corporate wellbeing provider. | N/A | N/A | N/A | N/A | N/A | N/A |
| 9/2/2015 | Integra Partners Holdings, LLC | Tufts Associated Health Plans, Inc. | Massachusetts-based Tufts Associated Health Plans, a HMO and PPO health plan provider acquired New York-based Integra Partners, a health care specialty benefits organization that contracts with health plans to expand its service offerings in the space. | N/A | N/A | N/A | N/A | N/A | N/A |

Representative transactions only include closed deals with publicly available sales data.
Source: Capital IQ and Public Findings
*Enterprise Value (EV) = market capitalization + debt + noncontrolling interest

| | | | |
|---------|---------|-------|-------|
| Maximum | Maximum | 19.3x | 67.7x |
| Mean | Mean | 3.5x | 25.4x |
| Median | Median | 1.7x | 18.0x |
| Minimum | Minimum | 0.2x | 12.4x |