



Top M&A trends in healthcare & life sciences

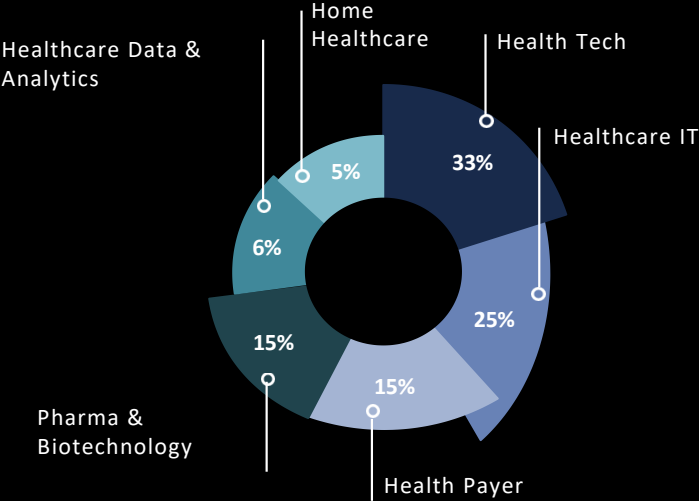
January 2022

Top 10 Deals

	Deal Size		Rationale		Deal Size		Rationale
01	\$ 28.2 bn Health IT	 	Expand in other geographic locations	06	\$ 7.2 bn Pharma	 	Focus is on neuroscience and oncology with GW's cannabis expertise
02	\$ 19.7 bn Health Tech	 	Clinical intelligence and cloud services	07	\$ 7.0 bn Health Data & Analytics	 	Created neutral and secure largest data ecosystem to enhance patient privacy and efficiency
03	\$ 17.0 bn Health Player	 	Change ownership from current PE player & focus on cloud based solutions	08	\$ 5.7 bn Home Healthcare Provider	 	Accelerate in-home healthcare strategy & scale value based models
04	\$ 13.0 bn Health Tech	 	Leverage analytical driven solution	09	\$ 3.0 bn Health Tech	 	Combined company have now largest mental health data set to deliver high personalized care
05	\$ 9.6 bn Biotechnology	 	Expand capability in genomic medicine	10	\$ 2.1 bn Health Tech	 	Expand focus in smart tech for other indications

Investment Trend: Top healthcare deals spanned across life science, healthcare IT and digital health

Market share of different players, by investment



Top areas of investment in digital health



EHR based interoperable Data



Cloud-based Platforms



Remote Monitoring Technology

Investment thesis

01

Healthcare M&A activity hit a new stride in 2021, fueled by investor interest in **digital health and virtual care**, with acquisition of digital health companies accounting for **33%** of top 10 healthcare deals

02

The top healthcare deals (by deal size) among top 10 deals went to companies across sectors of **biotechnology, healthcare IT and digital health**

03

Healthcare IT and **Life science** continue to be the top sectors in M&A activity, after health tech with major focus on **cloud computing**

04

Major players that invested heavily in major areas of digital health were **Optum, Microsoft, Ginger and Google** with the aim to increase their capability to gain large share of market

Our Approach



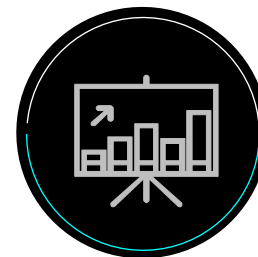
1. Capturing and Filtering M&A

- Identified ~300 recent mergers and acquisitions and have captured key information of each deals
- Key information such as deal size, deal driver, impact were evaluated for each deals



2. Prioritizing and Rating

- Each deal category were assigned a ranking from 1 to 5 based on their impact on future of healthcare industry
- Deal were prioritized based on possible scores & different pre-assigned weights for each deal



3. Analyzing Investment Trends

- Based on deal scores, top 10 deals were identified
- Later the top 10 deals were analyzed to know the impact and its implications on healthcare

Top 10 M&A Deals of 2021

1

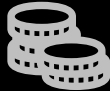
The combined company now has the world's largest mental health data set, which will be leveraged to deliver highly personalized care

This new entity will bring together the best of both offerings to deliver the world's most accessible and comprehensive digital mental health and wellbeing platform



Why is this a significant deal?

Deal Size



\$ 3.0 Bn

Focus



Virtual Mental Health Offering

Impact

- The virtual mental health market has surged post covid with an increase in demand and relaxation in govt policies
- Health Tech companies are expanding into behavioral healthcare by developing new platforms that enables consumers to track their health data & give deeper insights

Strategic Rationale



Complementary Capabilities

Headspace preventive care like mindfulness and meditation will get the capabilities of ginger's on-demand clinical help which provides coaching, therapy, and psychiatry via text and video



Potential Opportunity

Ginger would have direct access to Headspace's 70 Mn users in 190 countries for its on-demand clinical help and Headspace members will have direct access to top organisation



Combined Network

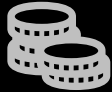
The combined entity will reach nearly 100 Mn lives across 190+ countries through direct-to-consumer business and 2,700+ enterprise and health plan partners around the globe

Acquisition of Change Healthcare accelerates strategy to have more streamlined and transparent healthcare cost management

OptumInsight and Change Healthcare Combine to Advance information and technology-enabled health care platform

Why is this a significant deal?

Deal Size



\$ 13.0 Bn

Focus



Health Information and Technology

Impact

- AI is poised to be widespread in hospital revenue cycle operations in just the next 3 years remains positive
- Federal rules being implemented surrounding interoperability and price transparency as well as continued advances in value-based care initiative

Optum

CHANGE
HEALTHCARE

Strategic Rationale



Complementary Capabilities

Combined capabilities will connect and simplify core clinical, administrative and payment processes, resulting in better health outcomes and experiences for everyone at lower costs



Potential Opportunity

Change Healthcare's intelligent health care network will be used to enhance insights from Bns of claims transactions. As a result, services and processing will be substantially faster, and accurate



Financially Attractive

The acquisition is expected to be accretive to UnitedHealth Group's net and adjusted earnings per share in 2022, advancing strongly in subsequent years

3

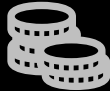
Humana has made a strategic investment in home healthcare, focusing on clinical innovation and patient outcomes

Humana acquired Kindred at Home (KAH), the nation's largest home health provider, and completely integrated its home health services and clinical knowledge into Humana's value-based home health business



Why is this a significant deal?

Deal Size



\$ 5.7 Bn

Focus



Home based clinical solutions

Impact

- Healthcare payers are enhancing their home health capabilities through provider deals to meet rising demand for hospital at home programs
- Given the ongoing push to reduce healthcare costs, while increasing the quality of care, home healthcare remains an attractive sector for investment

Strategic Rationale



Complementary Capabilities

Humana adds Kindred's home health capabilities for its member network including hospice, personal care offerings, telehealth and emergency room care



Potential Opportunity

With this vertical acquisition, Humana will have significant growth through KAH healthcare delivery model and can leverage its broad coverage and lower cost curve for its members

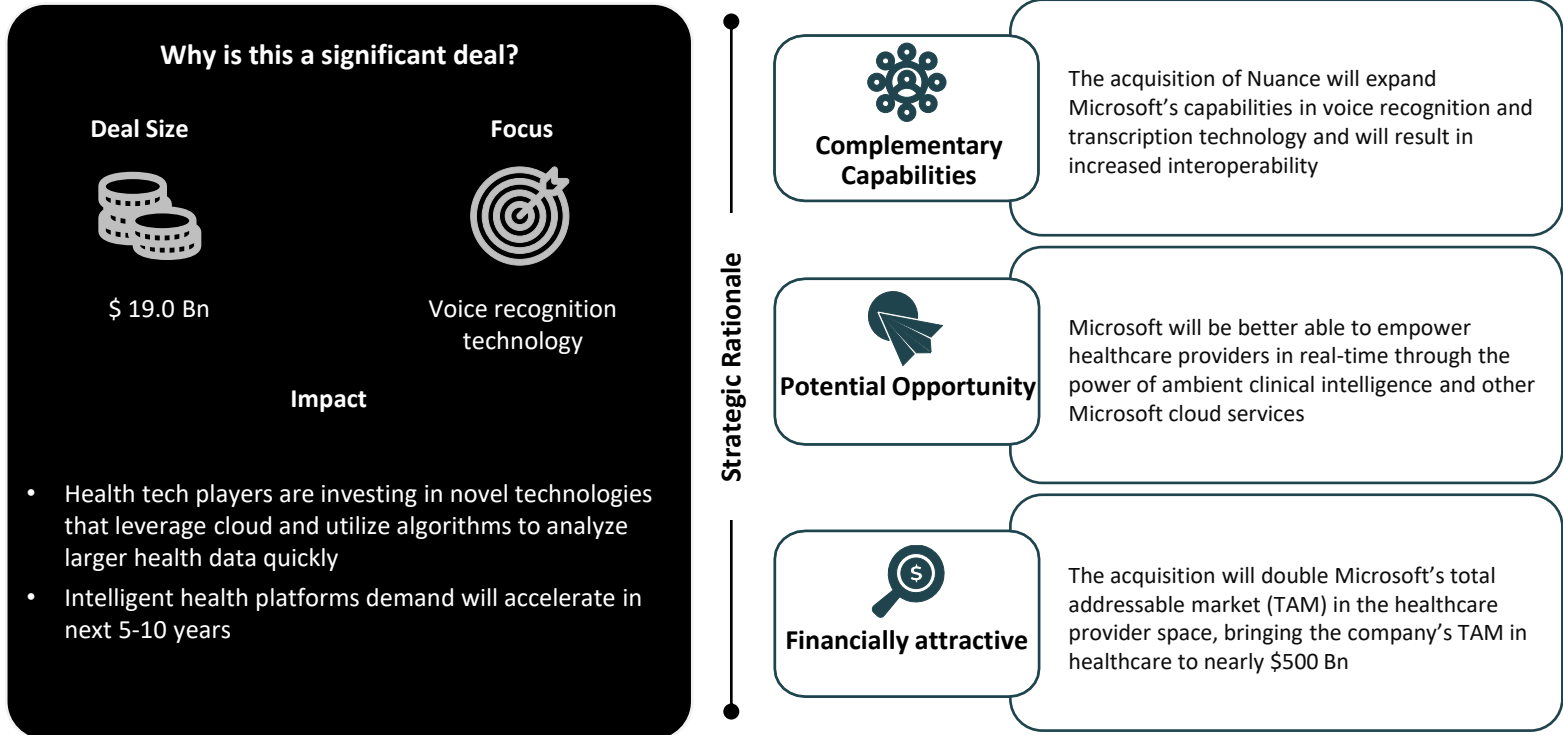


Combined Network

KAH's home health operations will be incorporated into Humana's home health business and will transition to CenterWell Home Health, Humana's new payer-agnostic services brand

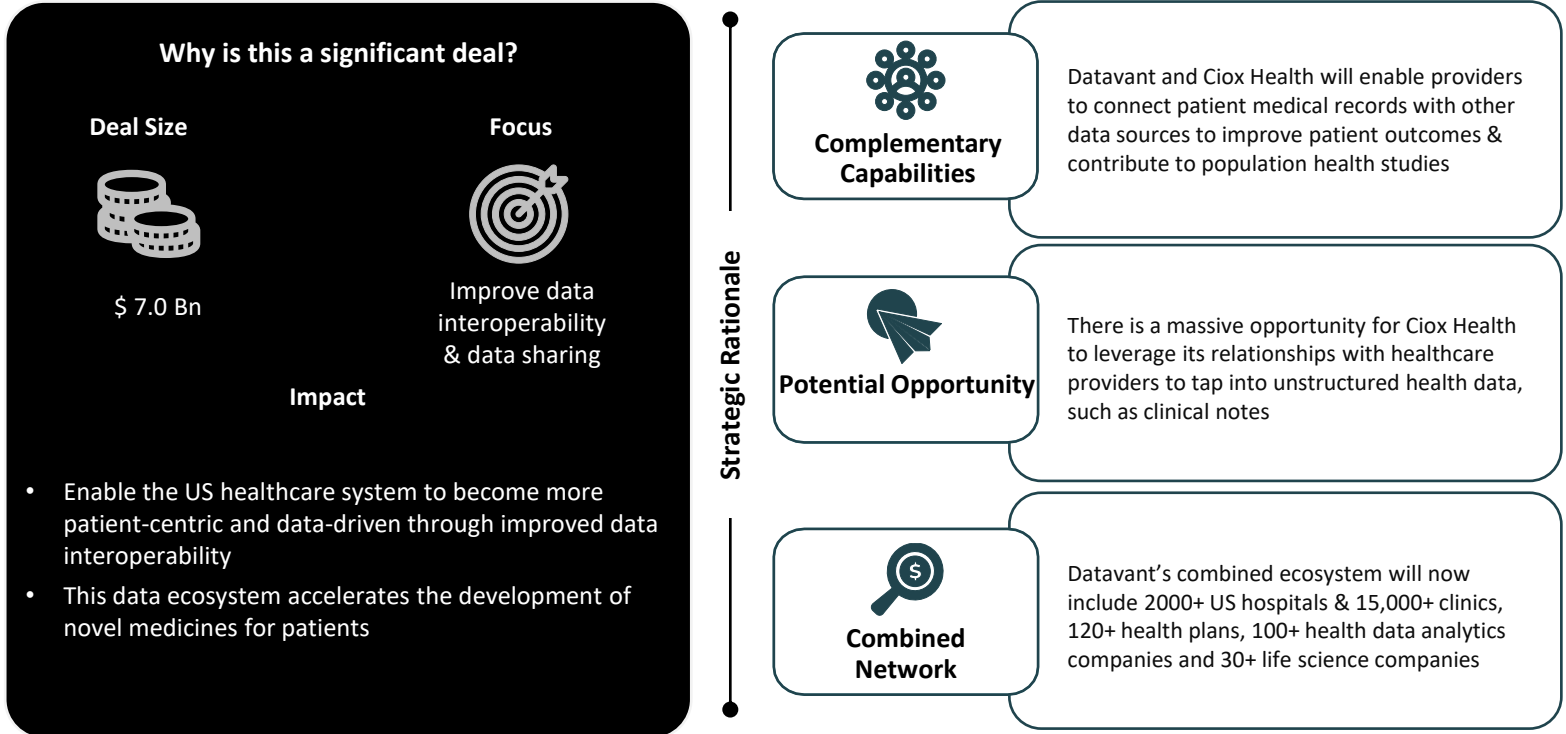
Microsoft accelerates industry cloud strategy for healthcare with the acquisition of Nuance

Acquisition will combine solutions and expertise to deliver new cloud and AI capabilities across healthcare and other industries



Datavant's merger deal with Ciox Health impacts the health data market



Ciox Health and Datavant are merging in a big deal to unite siloed data in healthcare and facilitate data exchange across a network of thousands of hospitals and clinics



Danaher expands its life science portfolio by acquiring the largest makers of plasmid DNA, messenger RNA (mRNA), and recombinant

Acquisition marks the entry of Danaher in pureplay contract development and manufacturing organization space

Why is this a significant deal?

<p>Deal Size</p>  <p>\$ 9.6 Bn</p>	<p>Focus</p>  <p>Biotechnology and Genomic Medicine</p>
<p>Impact</p> <ul style="list-style-type: none"> • Since the number of cell and gene therapy clinical trials expands the demand for this critical raw material has been on rising • There is high demand, low capacity within the plasmid DNA space which is a major driver of this deal and the other recent acquisition in a similar space 	



Strategic Rationale



Complementary Capabilities

The acquisition of Aldevron will add CDMO service to its portfolio and will help drive genomic innovation by leveraging Aldevron capabilities in Genomic medicine and vaccines



Potential Opportunity

Aldevron is the world's largest manufacturer of plasmid DNA and mRNA, with plasmid DNA database accumulated over years. This offers up the possibility of gaining significant market share



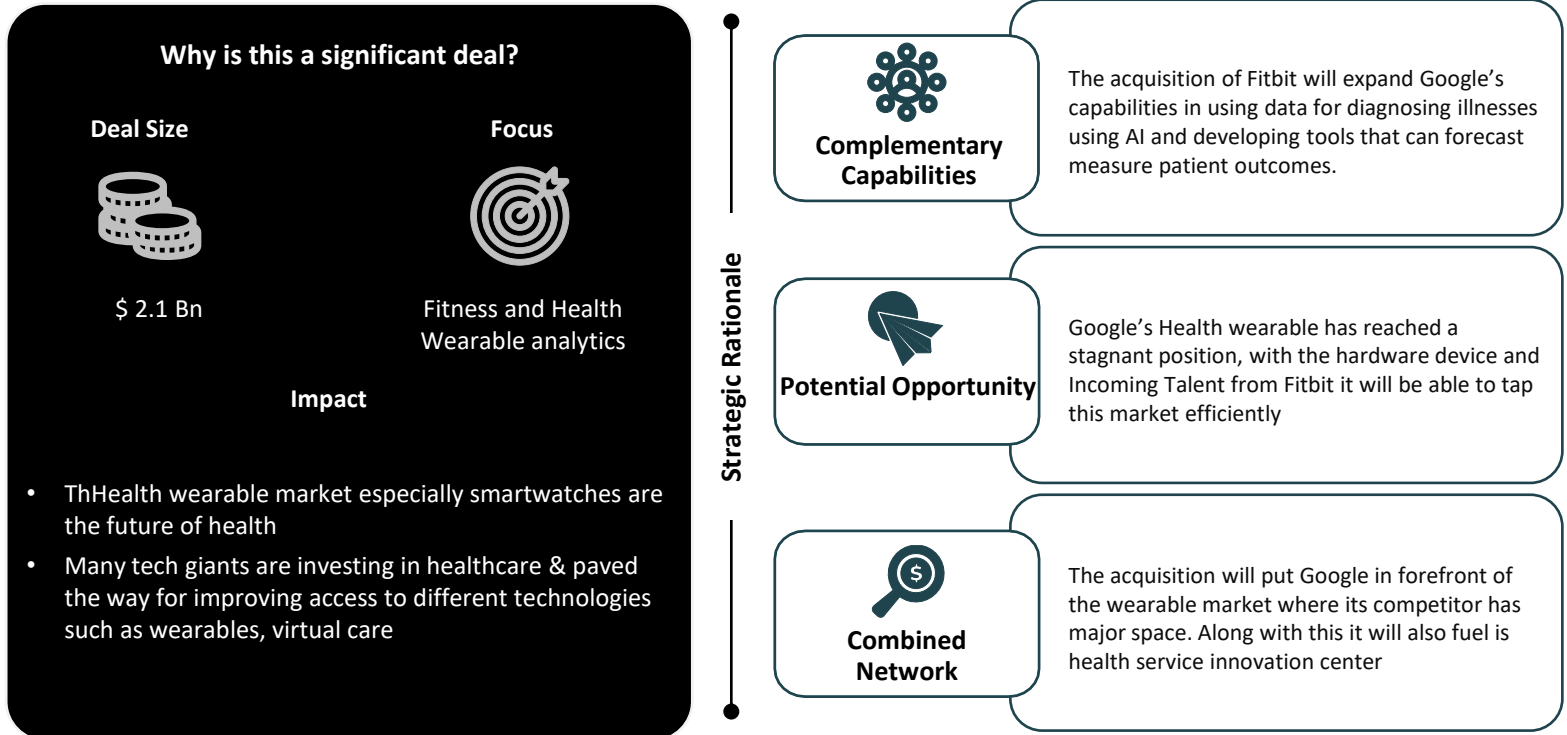
Financially attractive

Adds the largest GMP facility for genomic raw material to its portfolio and become the biggest supplier of plasmid DNA in the biopharma space

7

Google enters the health tech wearable market by acquiring the biggest player in fitness and health wearable analytics space

The acquisition will help Google spike innovation in its wearable product



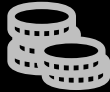
Jazz Pharma acquires GW to proliferate its worldwide commercial and operational footprints in the field of neuroscience

With the addition of GW Pharmaceuticals, Jazz now has the world's leading cannabinoid research platform and will continue development efforts to further evaluate cannabinoid science in new neuroscience areas of focus



Why is this a significant deal?

Deal Size



\$ 7.2 Bn

Focus



Neuroscience, Oncology
cannabinoid science

Impact

- Cannabidiol medicine has a potential near-term blockbuster and enhanced product diversification to gain significant growth
- There is uptake in the novel health technologies capable to address complex disease and improve treatment options for patients

Strategic Rationale



Complementary Capabilities

The acquisition of GW will expand Jazz Pharma's capabilities around cannabinoid medicines and will give them access to early-to-late-stage clinical programs for the same already in place



Potential Opportunity

This acquisition will help Jazz pharma to diversify its pipeline since GW has clinical-stage development programs addressing neuroscience and oncology



Financially attractive

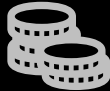
Deal is expected to produce accelerated double-digit top-line revenue growth, which, combined with Jazz's robust cash flow, and will enable Jazz to achieve net leverage of less than 3.5x by 2022

Oracle acquires Cerner, will shift healthcare IT company to Oracle Cloud

Oracle intends to expand its foothold in the healthcare business by acquiring Cerner, a digital health provider. With the deal, companies aim to offer better technologies for healthcare practitioners to access and share electronic health records

Why is this a significant deal?

Deal Size



\$ 28.3 Bn

Focus



Cloud based solutions

Impact

- The opportunity to power everyday health decisions with data can be the biggest advancement in healthcare
- Cloud computing is gaining traction with the ability to empower all the stakeholders with accurate data for proper decision-making.

Strategic Rationale



Complementary Capabilities

Cerner's solutions complement what Oracle already offers through its Oracle Cloud Infrastructure, which includes analytics and cloud computing for payers and providers



Potential Opportunity

Oracle has been slow to tap into the cloud opportunity landscape relative to other big tech firms, and this deal provide opportunity to enter that space with significant headroom for growth

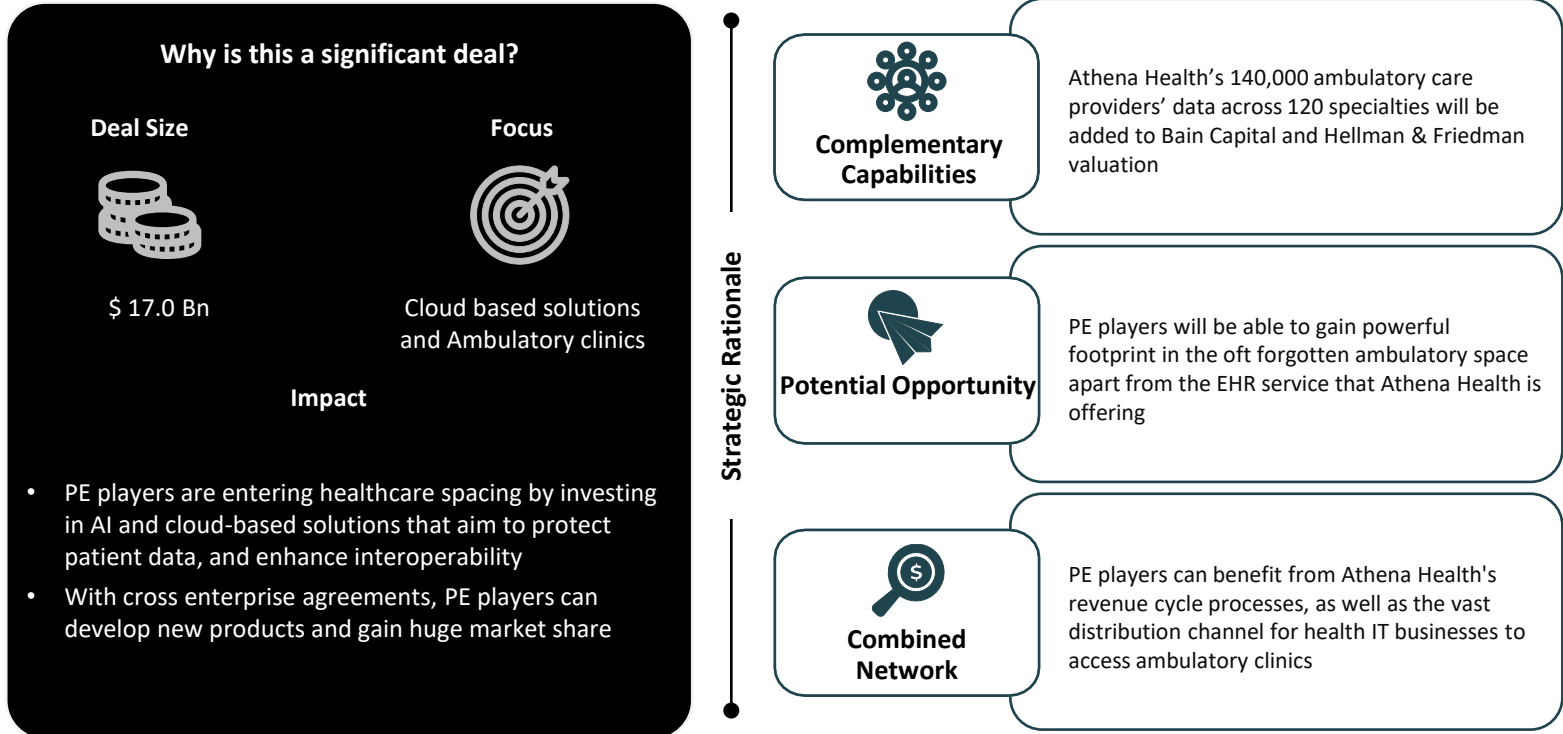


Combined Network

Oracle plans to gain a foothold in the Cloud computing market where its growth is single-digit and has been losing its market share. The acquisition is in synergy to gain access to vertically-growing industry

Private equity firms tap into health tech boom with acquisition of Athenahealth deal

Acquisition will combine solutions and expertise to deliver new cloud and AI capabilities across healthcare and other industries



Some of the other important deals (1/2)

Acquirer	Deal Size (in \$bn)	Target Company Type	Focus Area
CSL Ltd	11.7	Vifor Pharma	In acquiring Vifor Pharma, CSL not only diversifies its current plasma therapy portfolio, it also expands its presence in the fast-growing nephrology market
Nordik Capital	7.3	Inovalon	The deal gives the private equity firms a bigger foothold in the market for cloud-based healthcare analytics technologies
Pfizer	2.3	Trillium Therapeutics	This Acquisition fortifies Pfizer's presence in oncology as Trillium focuses on developing advanced treatments for cancer
Wellsky	1.4	Allscript's CarePort Health	Acquisition of CarePort will enable the company to facilitate effective patient care transitions across the continuum—driving better outcomes for patients, providers and payers
GE Healthcare	1.5	B K Medical	This Acquisition supports GE Healthcare's \$3 Bn Ultrasound business' expansion from diagnostics into surgical and therapeutic interventions and accelerates growth in precision health

Some of the other important deals (1/2)

Acquirer	Deal Size (in \$bn)	Target Company Type	Focus Area
Blackstone, Carlyle	30	Medline	Expanded product offering in healthcare supplies, international expansion, and infrastructure investments to strengthen its global supply chain
Thermo Fisher Scientific	17.4	PPD	With the addition of PPD, Thermo Fisher will offer a comprehensive suite of services across the clinical development spectrum. Bolster its clinical R&D Service
ICON	12	PRA Health Science	Boost Clinical R&D services- ICON expects its combination with PRA Health Sciences to create a leading advanced healthcare intelligence and clinical research organization
Merck	11.5	Accelaron	This Acquisition is to expand Merck's cardiovascular drug portfolio and pipeline
Horizon Therapeutics	3.05	Viela Bio	Focused to expand development pipeline and grow rare disease medicine portfolio

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