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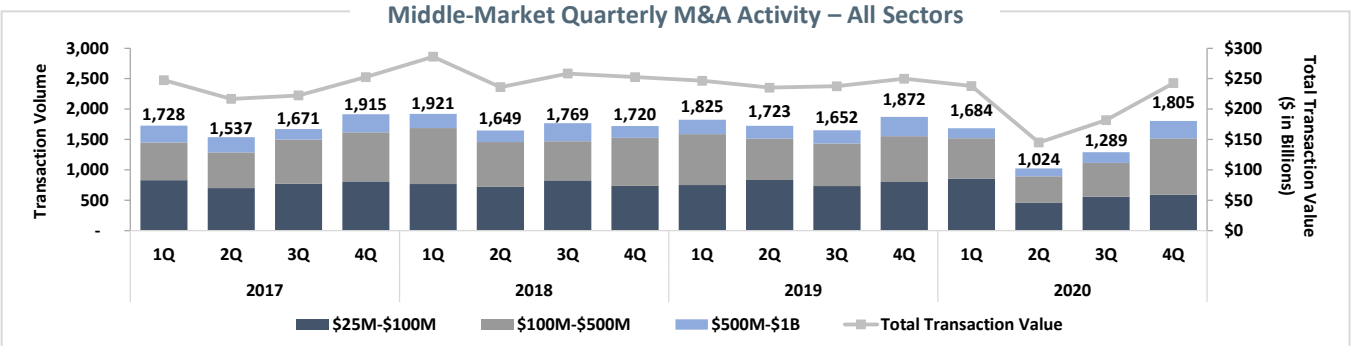
HEALTHCARE TECHNOLOGY SECTOR UPDATE 4Q20

February 2021

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4Q20 M&A Update & Outlook

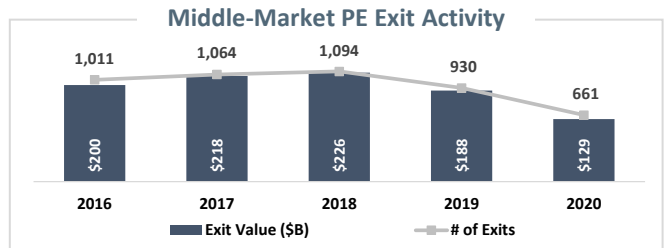
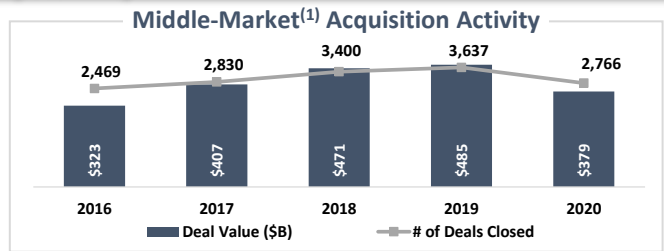
Despite a turbulent first half of the year, U.S. deal-making was able to fend off complete collapse in 2020 with M&A activity accelerating through 3Q20 and finishing the year on a high note. Sponsors initially focused on helping portfolio companies weather the storm but turned their attention back to add-on and eventually new platform investments in the second half of the year, buoyed by the Federal Reserve's historic support and improving credit conditions. Technology and healthcare remain favored sectors for private equity ("PE") investment, particularly companies utilizing a SAAS business model. BCA expects continued momentum in the M&A markets in 2021.



Source: Pitchbook.

Private Equity Activity

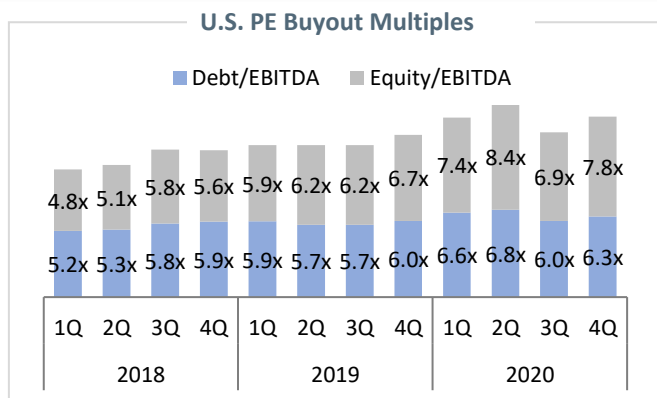
- U.S. PE funds invested ~\$380 billion across ~2,800 middle-market deals in 2020. This is a promising result after a complete free fall in deal-making activity during 2Q20.
- 2020 middle-market exit activity was approximately 30%+ lower than 2019. This is partially due to PE firms' ability to delay exits until more favorable market conditions return.
- PE funds invested in a greater proportion of less risky add-on opportunities in 2020, which resulted in a median deal size of \$150+ million, the lowest since 2016. This trend had already started prior to the pandemic, as PE investors looked for accretive ways to put money to work given high valuation multiples garnered by stand-alone platforms.
- Despite continuing uncertainty around COVID-19, PE funds continue to have ample dry powder to put to work, especially for high-quality assets that have successfully managed through the pandemic.



Source: Pitchbook. (1) Middle-market includes deal values of \$25M - \$1B.

Debt & Leveraged Loan Market

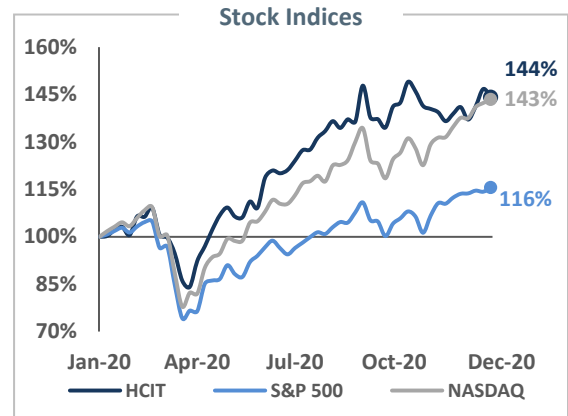
- The leverage loan market has recovered from the stress of 2Q20-3Q20 and remains open and favorable for high-quality borrowers, further supporting M&A activity.
- Leverage multiples have not rebounded to the pre-COVID-19 levels, but access to capital does exist especially for companies isolated from the impact of COVID-19 that have highly recurring business models.
- Lenders have become more conservative in stringently evaluating EBITDA add-backs, as aggressive adjustments have not always come to fruition.
- BCA believes high-quality borrowers and PE funds will continue to have ample access to debt capital albeit at lower leverage multiples.



Sources: Pitchbook; Fitch Ratings 2021 Outlook.

BCA Market Commentary & Stock Indices Relative Performance

- Next generation care and population health management are areas of growing importance. Risk-bearing providers and payers need sophisticated tools to engage and manage member populations relating to care gaps and high risk / cost members.
- Payers, looking to better manage spending and utilization, are leveraging technology to educate and empower members around benefit and healthcare options. In addition, payers are more vigilant about proactively monitoring the integrity of reimbursements.
- Over the last nine months, there has been a rapid acceleration in telehealth adoption and a commensurate increase in valuations for leading telehealth companies. BCA is optimistic about the sector's future; however, we continue to monitor demand for telehealth to see if current tailwinds remain strong post-pandemic.



Select M&A and Financing Transactions

M&A DEALS				TEV Multiple		
Date	Target	Acquirer	Target Business Description	TEV (\$M)	Revenue	EBITDA
Pending	HMS Holdings	Gainwell Technologies	Data and analytics solutions for healthcare organizations.	\$3,400	5.3x	34.7x
12/21/20	HealthX	Zipari, Thoma Bravo	Cloud-based digital healthcare engagement technologies.	Confidential - BCA Transaction		
12/8/20	Collective Medical	PointClickCare	Collaborative patient care management platform.	\$650	Confidential	
11/20/20	Quantum Health	Warburg Pincus, Great Hill	Consumer healthcare navigation and care coordination.	\$1,200	Confidential	
10/27/20	Health Advocate	Teleperformance	Patient engagement and analytics platform.	\$690	4.9x	13.8x
10/13/20	Doctor.com, Binary Fountain	Press Ganey	Healthcare marketing and automation platform.	N/A	N/A	N/A
10/13/20	CarePort Health	WellSky	Care coordination software for patient transitions.	\$1,350	N/A	N/A

FINANCING DEALS				Amount	Round of Financing
Date	Target	Investor(s)	Target Business Description	(\$M)	
12/10/20	LeanTaaS	Insight Partners	Cloud-based optimization platform for health systems.	\$130	Series C
11/24/20	Well Health	Lead Edge Capital	Digital platform connecting patients to healthcare organizations.	\$45	Series C
10/15/20	98point6	L Catterton, Activant	On-demand, text-based primary care platform.	\$118	Series E
10/8/20	TigerConnect	HealthQuest Capital	Clinical workflow and patient communication platform.	\$45	Series D

Select Public Trading Multiples

(\$M except share prices)		Stock Price	% of 52-Week		TEV / Revenue		TEV / EBITDA		
Company	Ticker	12/31/20	High	Low	TEV	LTM	NTM	LTM	NTM
Allscripts	MDRX	\$14.44	97%	317%	\$3,325	2.0x	2.1x	10.9x	12.7x
Cerner	CERN	\$78.48	97%	148%	25,481	4.6x	4.5x	15.3x	14.1x
Change Healthcare	CHNG	\$18.65	98%	302%	10,685	6.5x	3.2x	N/M	10.6x
Health Catalyst	HCAT	\$43.53	96%	249%	1,676	9.4x	7.8x	N/M	N/M
HealthEquity	HQY	\$69.71	79%	203%	5,889	11.3x	7.8x	26.9x	23.8x
Inovalon	INOV	\$18.17	65%	136%	3,582	5.5x	4.9x	16.2x	13.9x
Phreesia	PHR	\$54.26	91%	339%	1,978	14.2x	12.3x	N/M	N/M
Teladoc	TDOC	\$199.96	79%	246%	28,656	25.5x	16.0x	N/M	N/M
<i>Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses.</i>					Average	9.9x	7.3x	17.3x	15.0x
<i>Data per SEC filings and PitchBook.</i>					Median	7.9x	6.3x	15.8x	13.9x

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Representative Transactions

Recapitalization
Project Halo
Population Health
Recapitalization Led by
PEG Buyer

Sell-side
HealthX
Sell-side Advisory to
zipari THOMABRABO

Recapitalization
RESOURCE
HEALTHCARE
Recapitalization Led by
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