

HEALTHCARE

SECOND QUARTER

2014

This Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Healthcare M&A

M&A activity in the Healthcare sector for North American based target companies in Q1 2014 included 313 closed deals according to data provided by *S&P Capital IQ*. According to a report from *PriceWaterhouseCoopers*, an international consulting firm, deal activity in the first quarter of 2014 was relatively consistent with the same period in 2013. However, the value of announced deals showed a sharp uptick indicating growth in multiples and demand for health-related companies as technology evolves and the Boomer Generation ages.

Transactional Overview

March 2014 - Rising Pharmaceuticals, Inc. signed an agreement to acquire PACK Pharmaceuticals, LLC from Dushyant Chipalkatty, Chris Dungan and others for \$100 million. PACK Pharmaceuticals, LLC markets and sells generic medications in North America. Rising Pharmaceuticals, Inc. develops, manufactures, markets, and distributes prescription and over-the-counter pharmaceutical products.

March 2014 - EKF Diagnostics Holdings plc (AIM:EKF) ('EKF') signed a conditional agreement to acquire Selah Genomics, Inc. for \$73.2 million. Selah Genomics Inc.

engages in developing and commercializing nanotechnology-enabled products for the biomedical industry. It offers Selah Dots, which are bio-sensing and bio-imaging contrast agents that replace fluorescent dyes/microbeads/heavy metal based quantum dots. EKF Diagnostics Holdings plc is engaged in the design, development, manufacture, and sale of diagnostic instruments, reagents, and other ancillary products in the United Kingdom, the United States, Germany, Poland, Russia, Ireland, and Asia.

March 2014 - HealthLease Properties Real Estate Investment Trust (TSX:HLP.UN) acquired Clearvista Lake Health Campus and Arlington Place Health Campus from Mainstreet Property Group, LLC for \$37.4 million. Clearvista Lake Health Campus And Arlington Place Health Campus comprise of two 100-unit senior housing and care facilities with 100 short-stay rehabilitation suites. Lake Health Campus is located in Castleton, Indiana and Arlington Place Health Campus is located in Indianapolis, Indiana. Mainstreet Property Group, LLC, a real estate investment company, engages in the acquisition and development of build-to-suit properties and senior care living. Its properties range from assisted living and short-term rehabilitation facilities to retirement communities.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

info@cfaw.com
www.cfaw.com

Selected Q1 Closed Transactions	
Target/Issuer	Buyers/Investors
Telerhythmics, LLC.	Digirad Imaging Solutions, Inc.
Surgery Center	AmSurg Corp. (NasdaqGS:AMSG)
Mills Pharmaceuticals, LLC	Galena Biopharma, Inc. (NasdaqGM:GALE)
OrthoPro, LLC	Wright Medical Group Inc. (NasdaqGS:WMGI)
Bioniche Life Sciences Inc.	Vétoquinol SA (ENXTPA:VETO)
Manchester Pharmaceuticals, Inc.	Retrophin, Inc. (NasdaqGM:RTRX)
KnowledgePoint360 Group LLC	Ashfield Healthcare, LLC
Life Line Ambulance Service, Inc.	American Medical Response, Inc.

Industry Dynamics

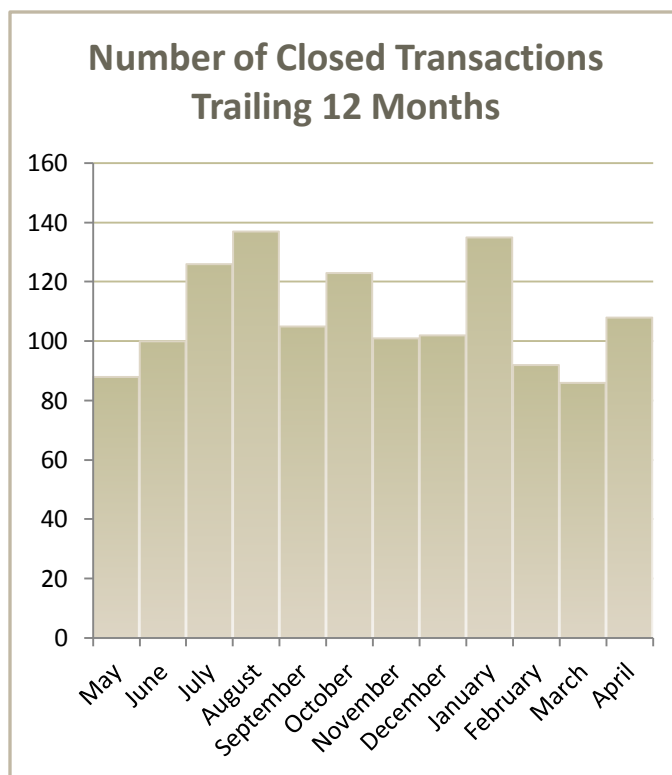
According to a report from *First Research*, quoting the World Health Organization, worldwide healthcare expenditures total about \$6.9 trillion annually, or about 10 percent of global GDP. Total health spending (both public and private) as a portion of GDP ranges from about 6 percent in countries such as Estonia to more than 17 percent in the US, according to the Organisation for Economic Co-Operation and Development.

The US healthcare sector includes more than 830,000 hospitals, doctors' offices, emergency care units, nursing homes, and social services providers with combined annual revenue of about \$2.2 trillion. Major services include hospital medical care (45 percent of industry revenue) and outpatient care provided by physicians (20 percent). Other services include dental work, urgent care, elderly and hospice care, and social assistance. Leading health care entities in the US include a number of for-profit entities, an exception to the global norm of nationalized medicine. However, of the 6,500 US hospitals, around 75 percent are not-for-profit. Most doctor offices, nursing homes, outpatient and urgent care facilities are run as for-profit enterprises.

An estimated 85 percent of Americans are covered by some form of private or government health insurance. Many are covered by combinations of private and government policies. About 55 percent of Americans are covered by employer-sponsored health insurance; 15 percent are covered by Medicaid, and another 15 percent by Medicare.

Industry Indicators:

- US consumer prices for medical care commodities, an indicator of healthcare costs, increased 1.6 percent in April 2014 compared to the same period in 2013.
- US consumer prices for medical care services, an indicator of profitability for healthcare services, rose 2.7 percent in April 2014 compared to the same month in 2013.
- Total US revenue for healthcare and social assistance rose 4.9 percent in the fourth quarter of 2013 compared to the previous year.



Collectively, the Healthcare Practice Group provides M&A advice to public and private companies in all sectors of the healthcare industries, including healthcare information technology, medical devices, pharma, surgical equipment and supplies, biotechnology, assisted living and long term care.

