

Market Insights | Q3'18



Market Insights is a quarterly perspective on merger and acquisition, private placement activity, and public market performance in the healthcare industry.





TripleTree is a healthcare merchant bank focused on mergers and acquisitions, growth capital, strategic advisory and principal investing services. Since 1997, the firm has advised and invested in some of the most innovative, high-growth businesses in healthcare.

We are continuously engaged with decision makers including best-in-class companies balancing competitive realities with shareholder objectives, global companies seeking growth platforms, and financial sponsors assessing innovative investments and first-mover opportunities.

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Q3'18

QUARTER IN REVIEW

KEY TRENDS DRIVING MARKET ACTIVITY



Pharmacy

The pharmacy industry has consistently made headlines throughout 2018 across several verticals within healthcare. Earlier this year we provided an update on the [opioid crisis](#) and last quarter we covered [Amazon's acquisition of Pillpack](#). The Cigna / Express Scripts and CVS Health / Aetna transactions have also continued making headlines during the year, with the former combination seeking to improve savings and outcomes and the latter creating a new 'front door' to healthcare, leveraging CVS Health's broad consumer access. Although the Justice Department has approved the transactions, both are still pending. Merger and acquisition activity within the pharmacy sector has proven to be just as active in the third quarter. With prescription drugs accounting for over \$400 billion of healthcare spend in the United States and rising out-of-pocket costs for consumers, the industry's focus on increasing price transparency and reduction comes as no surprise. One example is GoodRx, a consumer drug transparency and education platform, that has saved users a combined \$6.5 billion in healthcare costs. During the third quarter, GoodRx received a growth investment from Silver Lake Partners. Meanwhile, UnitedHealth Group's pharmacy benefits business, OptumRx, acquired Genoa Healthcare and Avella Specialty Pharmacy, two pharmacy businesses focused on serving patients with complex needs. We expect this level of activity to continue throughout fourth quarter and into 2019 given industry-wide initiatives to reduce pharmacy costs, increase medication adherence, and improve outcomes.



Remote Patient Monitoring

Driven by an aging population, a push towards lower cost care settings, and the shift to value-based payment models, remote patient monitoring has emerged as key tool in the provision of health services to elderly patients. Remote patient monitoring is also valued by payers, who see it as an additional tool to identify and support high-risk patients. Using data analytics, payers can respond to changes in daily patient activities that may signify a worsening state of health. By identifying these situations early, payers can improve the quality of care, while reducing their overall cost. Recently, a Massachusetts health insurer signed a five-year deal with GreatCall to provide in-home passive monitoring devices to its high-risk members. This follows the August announcement of GreatCall's acquisition by Best Buy for \$800 million. The acquisition broadens Best Buy's reach within the health and wellness technology solutions space.



Consumer Payments

In our latest [Industry Perspective](#), we shared several themes driving demand for innovative revenue cycle management (RCM) solutions, one of which is sky-rocketing patient pay dynamics. With out-of-pocket expenses reaching 30% of the total healthcare bill, consumers are feeling the pressure more than ever. Consumer directed health plans (CDHPs) are one of the leading causes of this shift in financial responsibility to the consumer and are commonly structured as a high-deductible plan (HDHP) paired with a spending account such as a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). These spending accounts are often managed by third parties who assist consumers in managing their healthcare spend. Alegeus, the market leader in consumer directed healthcare solutions, offering a comprehensive platform for the administration of healthcare benefit accounts (including FSAs, HASs, HRAs, wellness incentive, dependent care, and commuter accounts), was acquired this quarter by Vista Equity Partners. Vista Equity Partners, like many other private equity firms and national healthcare companies, is looking to capitalize on this opportunity, especially as consumer out-of-pocket healthcare expenses are expected to reach \$608 billion in 2019. We will continue to watch this space eagerly as we expect these trends and investments to continue.

NOTABLE M&A ACTIVITY IN Q3'18

The logo for Silver Lake, featuring the word "SILVERLAKE" in a blue, sans-serif font with a horizontal line underneath.The logo for GoodRx, featuring the word "GoodRx" in a black, sans-serif font.

In August, **Silver Lake** announced it made a strategic growth investment in **GoodRx**, joining existing investors **Francisco Partners** and **Spectrum Equity**. With average annual out-of-pocket spending increasing 27% from 2010 to 2018, consumers are looking for tools that help them understand healthcare costs and identify cost savings opportunities. GoodRx provides a database of prescription drug information to help tackle the complex and often times confusing world of prescription drug pricing. Through GoodRx's web and mobile interfaces, consumers have access to the most up-to-date pricing information across all major pharmacy locations. Once the consumer has determined the best pharmacy location to fill his or her prescription, GoodRx offers coupons to ensure the consumer purchases the prescription at the best price possible.

Medication non-adherence – which occurs when a patient fails to take medications as prescribed – costs the industry an estimated \$300 billion annually and is driven in part by 200 million prescriptions that are left at the counter because of price due to 'sticker shock'. By providing price transparency and discounts of up to 80%, GoodRx also helps reduce medication non-adherence.

Since its founding 2011, GoodRx has gained significant traction in the marketplace. Today, more than 10 million consumers use GoodRx each month and one-third of doctors actively distribute GoodRx's coupons and price transparency materials to their patients.

The logo for OptumRx, featuring a stylized orange and yellow icon followed by the text "OPTUMRx" in a black, sans-serif font.The logo for Genoa Healthcare, featuring the word "genOa" in a blue, sans-serif font with "healthcare" in a smaller font below it.The logo for Avella Specialty Pharmacy, featuring the word "Avella" in a blue, sans-serif font with "Specialty Pharmacy" in a smaller font below it.

OptumRx, a subsidiary of UnitedHealth Group, expanded its pharmacy benefits platform through its acquisitions of **Genoa Healthcare** and **Avella Specialty Pharmacy**. Although terms weren't disclosed, Genoa Healthcare was reportedly acquired for about **\$2.5 billion** from previous owner Advent International. As the fifth largest pharmacy chain in the United States, Genoa Healthcare operates 435 pharmacies within community mental health centers, filling approximately 15 million prescriptions for more than 650,000 consumers annually. The combination allows OptumRx to better serve patients with behavioral health and substance abuse disorders.

UnitedHealth Group announced the acquisition of Avella Specialty Pharmacy on its most recent earnings release but did not disclose financial terms. Avella, one of the ten largest specialty pharmacy companies in the United States, was previously owned by Riordan, Lewis & Haden and reported revenue of **\$1.35 million** in 2017. Avella is complementary to BriovaRx, OptumRx's existing specialty pharmacy business that supports patients with complex medical conditions.

Both acquisitions strengthen OptumRx's specialty pharmacy portfolio, specifically in behavioral health and oncology sectors, and further entrench UnitedHealth Group's position at a time when other managed care organizations are vertically integrating with pharmacy benefit managers and competition intensifies from potential new entrants such as Amazon.

NOTABLE M&A ACTIVITY IN Q3'18 CONTINUED



Best Buy announced the **\$800M** acquisition of **GreatCall**, a provider of connected health and personal emergency response services (PERS), from private equity firm GTCR. With nearly **one million** paying subscribers and **\$300 million** in annual revenues, GreatCall represents Best Buy's largest acquisition in its 50+ year history. Paying subscribers gain access to GreatCall's mobile health services through its innovative mobile products and connected devices tailored for aging consumers, including the well-known line of Jitterbug phones. The transaction represents a relatively quick turnaround for GTCR, who acquired GreatCall just over a year ago.

For Best Buy, the acquisition is a manifestation of their 2020 strategy to 'enrich lives through technology by addressing key human needs'. Best Buy has been exploring the space through their Assured Living service and GreatCall further demonstrates their commitment to improve connected health in the home. Best Buy now has an initial foothold in the health and wellness space, where Best Buy sees an opportunity to help aging consumers live more independent lives through tailored technology solutions. The transaction is expected to close in November, and Best Buy expects the acquisition to be neutral to non-GAAP EPS in fiscal 2019 and fiscal 2020 and accretive by fiscal 2021.



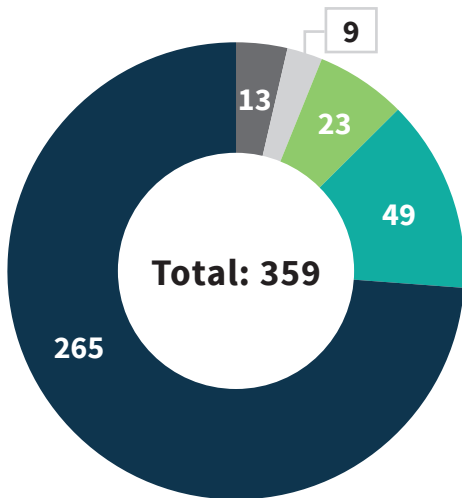
Alegeus Technologies found a new partner as they look to further penetrate the market as a leading provider of consumer-directed healthcare (CDH) solutions. **Vista Equity Partners** closed on the acquisition in September, acquiring the Company from sponsor backed Lightyear Capital. Alegeus was created through a carve-out from Fidelity National Information Services, a global leader in financial technology, in 2012. The Company quickly established itself as a dominant player in the industry, with a white-label platform that manages benefit account administration, consumer engagement, and payment processing for consumer directed healthcare accounts, such as HSAs, FSAs, and HRAs. Today, Alegeus supports more than 30 million consumer lives and 225,000 employer groups, and processes more than \$9.1 billion in healthcare payments annually. The acquisition of Alegeus is a natural fit for Vista as the company intersects leading-edge technology and healthcare. TripleTree acted as a financial advisor to Alegeus in both the sale to Lightyear and Vista.

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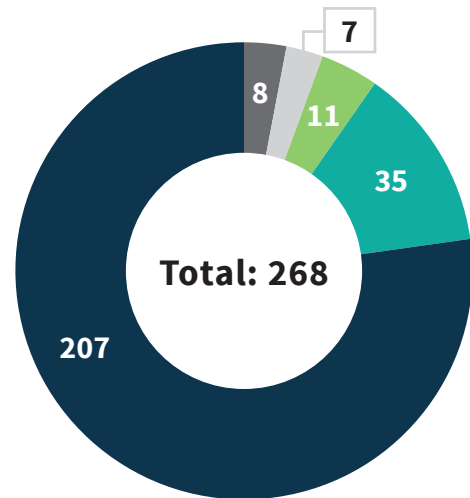
M&A Deal Stratification

Q3'18 HEALTHCARE M&A DEAL STRATIFICATION

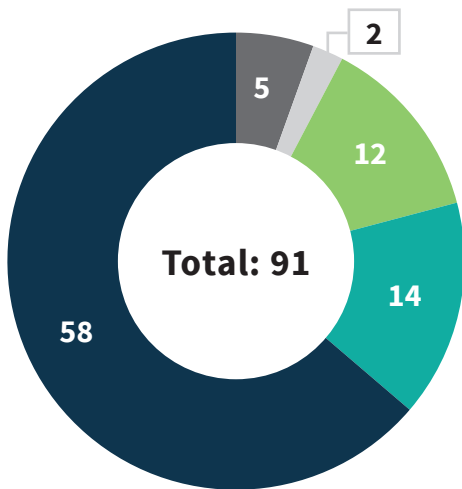
Total Deals by Transaction Ranges



Closed Deals by Transaction Ranges



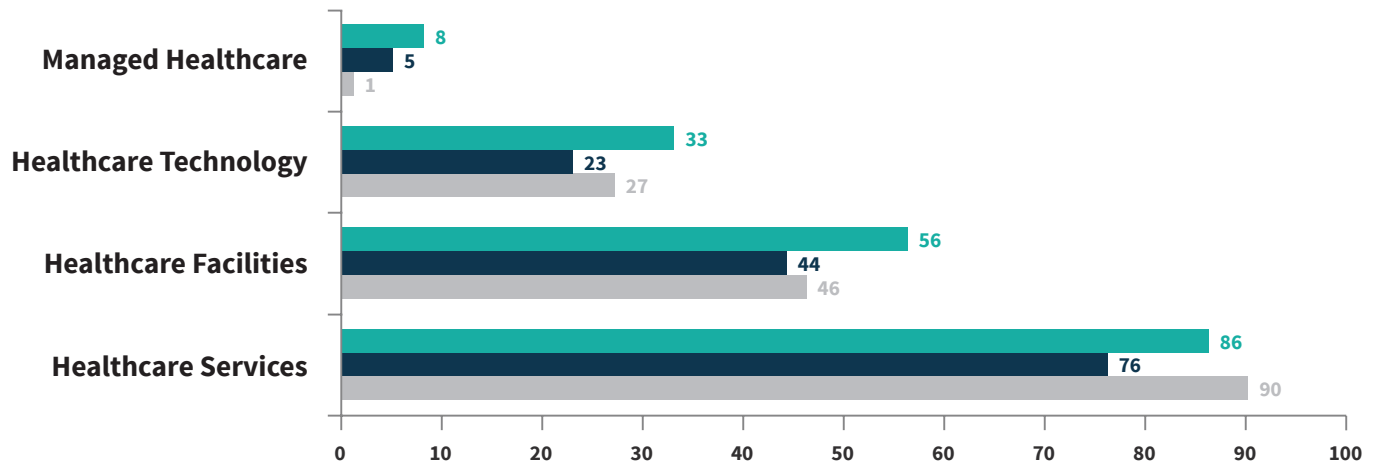
Announced & Pending Deals by Transaction Ranges



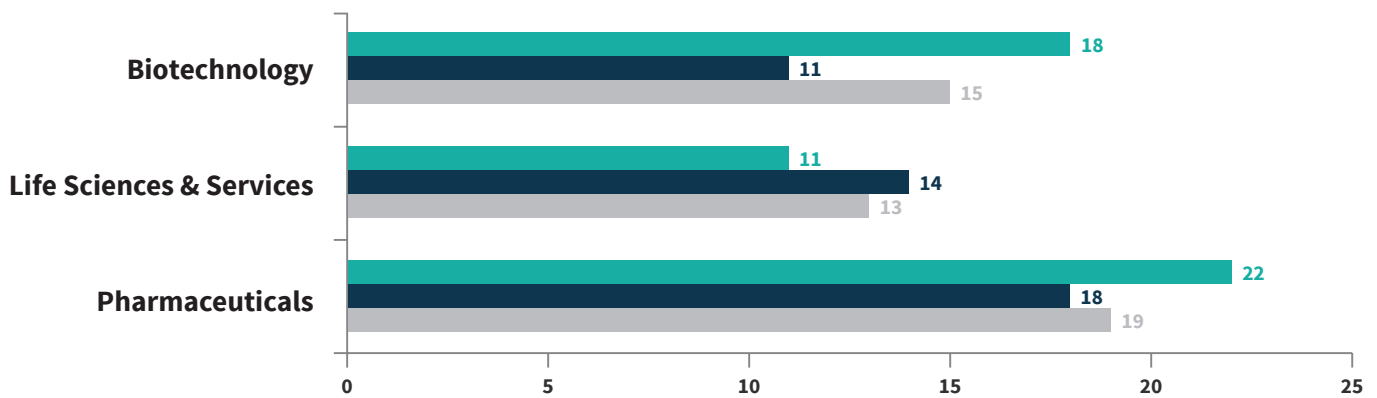
Q3'18 M&A DEAL STRATIFICATION CONTINUED

■ Q3 2018
 ■ Q2 2018
 ■ Q1 2018

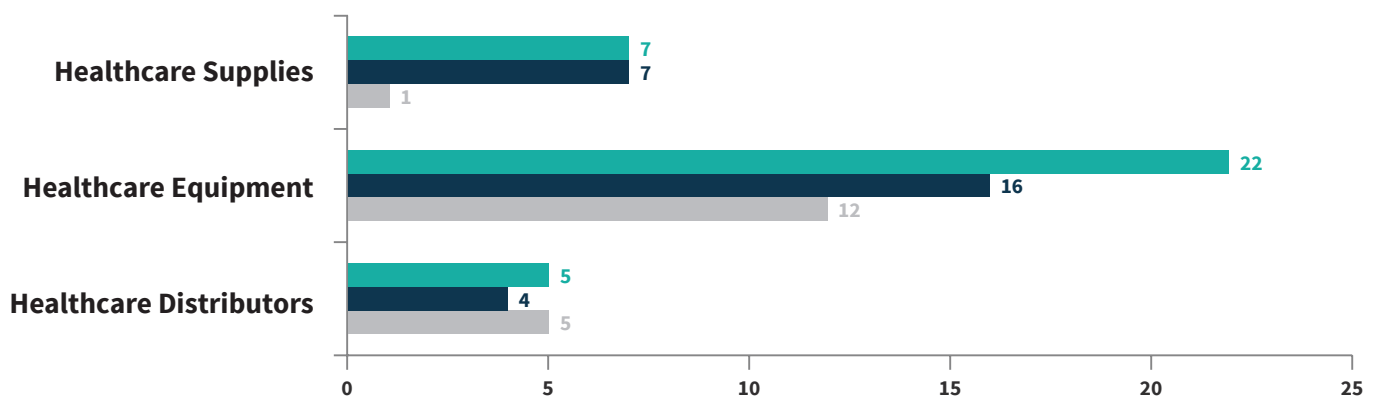
Healthcare Services, Facilities & Technology – 183 Closed Transactions



Life Sciences Technology & Services – 51 Closed Transactions



Healthcare Equipment and Distribution – 34 Closed Transactions



Source: S&P Capital IQ

Q3'18 M&A DEAL STRATIFICATION CONTINUED

(\$ in Millions)

Total Q3 Deal Activity

Total Deals Reported in Q3	359
# of Deals Disclosing Metrics	94
# Reported TEV	64
# Reported TEV & Rev	22
# Reported TEV, Rev & EBITDA	8
Average TEV	\$526
Average TEV/Rev	3.7x
Average TEV/EBITDA	19.6x
Median TEV	\$79
Median TEV/Rev	2.7x
Median TEV/EBITDA	16.5x
Total Deal Value	\$49,415
Prior Quarter Total Deal Value	\$66,443
% Change	(25.6%)

Q3 Deal Activity — Announced & Pending²

Total Deals Reported in Q3	91
# of Deals Disclosing Metrics	33
# Reported TEV	23
# Reported TEV & Rev	8
# Reported TEV, Rev & EBITDA	2
Average TEV	\$470
Average TEV/Rev	3.5x
Average TEV/EBITDA	9.8x
Median TEV	\$170
Median TEV/Rev	2.8x
Median TEV/EBITDA	9.8x
Total Deal Value	\$15,526
Prior Quarter Total Deal Value	\$39,307
% Change	(60.5%)

Q3 Deal Activity — Closed¹

Total Deals Reported in Q3	268
# of Deals Disclosing Metrics	61
# Reported TEV	41
# Reported TEV & Rev	14
# Reported TEV, Rev & EBITDA	6
Average TEV	\$556
Average TEV/Rev	3.9x
Average TEV/EBITDA	22.9x
Median TEV	\$66
Median TEV/Rev	2.7x
Median TEV/EBITDA	17.5x
Total Deal Value	\$33,889
Prior Quarter Total Deal Value	\$27,136
% Change	24.9%

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

Source: S&P Capital IQ

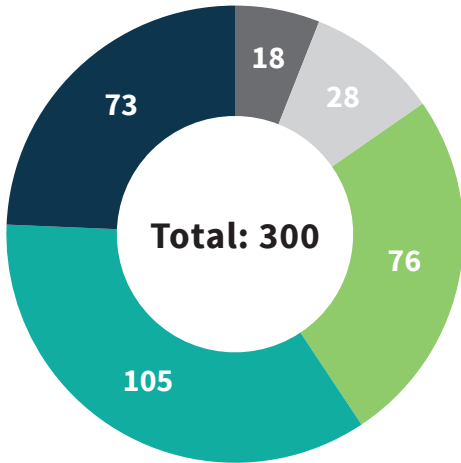


Q3'18

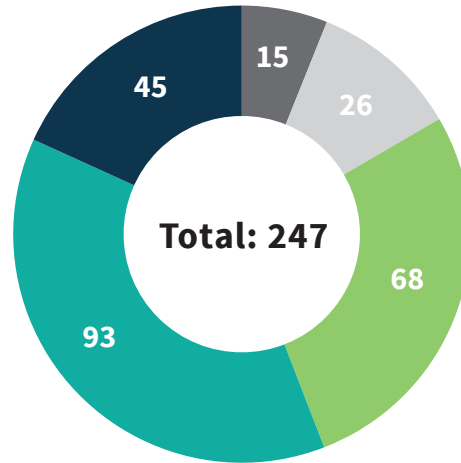
Private Placement Stratification

Q3'18 HEALTHCARE PRIVATE PLACEMENT STRATIFICATION

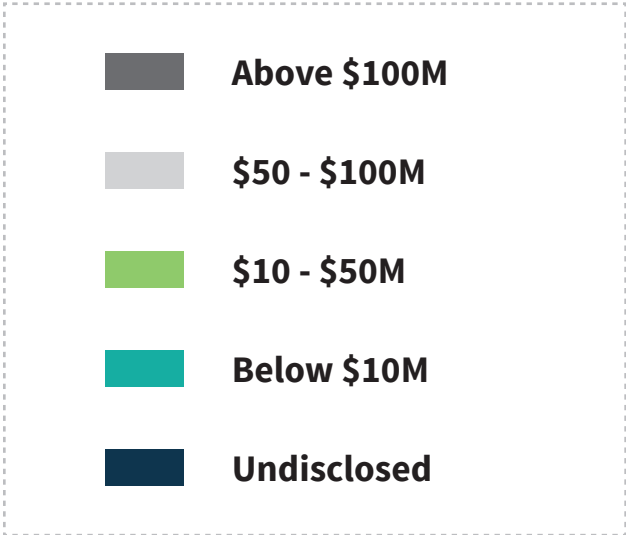
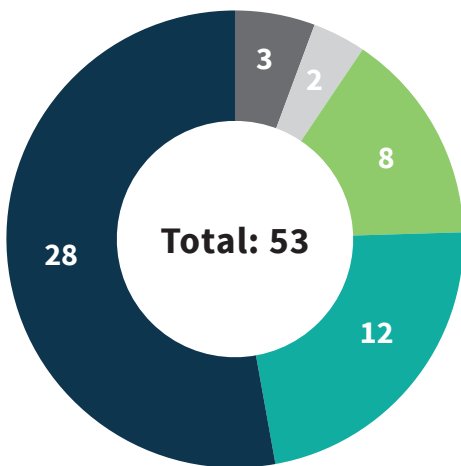
Total Private Placements by Investment Value



Closed Private Placements by Investment Value



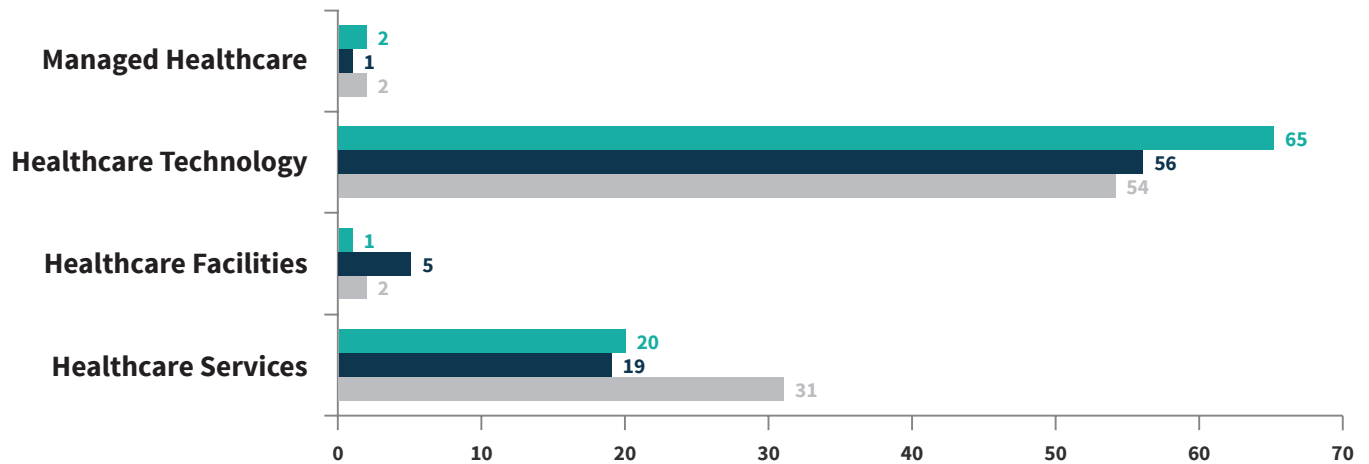
Announced & Pending Private Placements by Investment Value



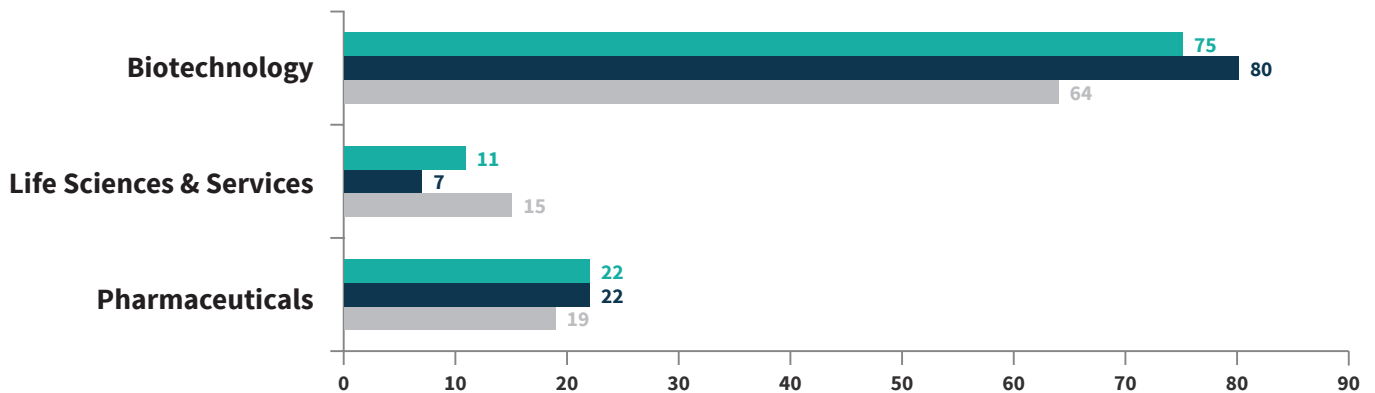
Q3'18 PRIVATE PLACEMENT STRATIFICATION CONTINUED

■ Q3 2018
 ■ Q2 2018
 ■ Q1 2018

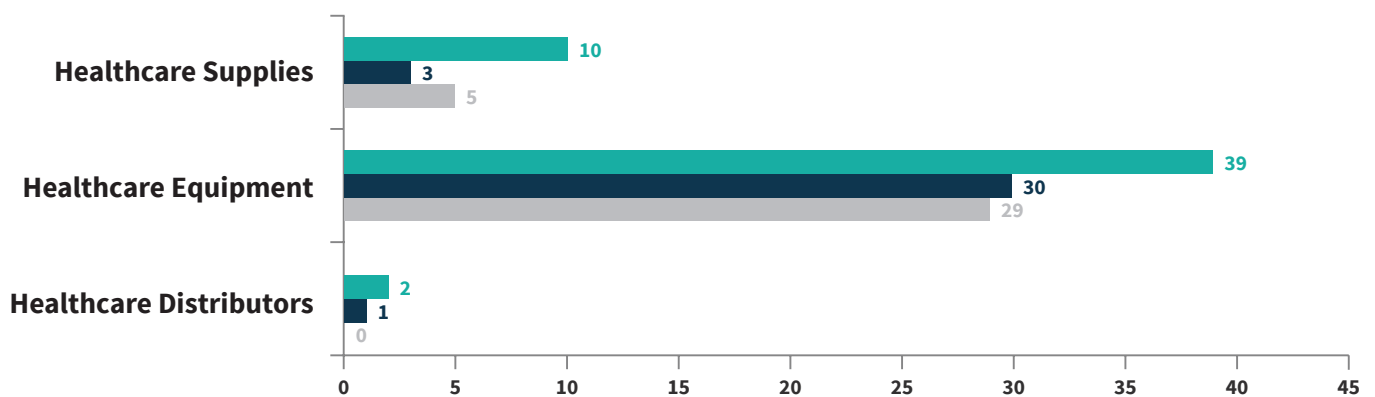
Healthcare Services, Facilities & Technology – 88 Closed Transactions



Life Sciences Technology & Services – 108 Closed Transactions



Healthcare Equipment and Distribution – 51 Closed Transactions



Source: S&P Capital IQ

Q3'18 PRIVATE PLACEMENT STRATIFICATION CONTINUED

(\$ in Millions)

Total Q3 Private Placement Activity

Total Private Placements Reported in Q3	300
# of Private Placements Disclosing Investment Value	227
Average Value	\$32
Median Value	\$11
Total Value	\$7,364
Prior Quarter Total Private Placement Investment Value	\$8,106
% Change	(9.2%)

Q3 Private Placement Activity — Closed¹

Total Private Placements Reported in Q3	247
# of Private Placements Disclosing Investment Value	202
Average Value	\$32
Median Value	\$11
Total Value	\$6,543
Prior Quarter Total Private Placement Investment Value	\$6,799
% Change	(3.8%)

Q3 Private Placement Activity — Announced & Pending²

Total Private Placements Reported in Q3	53
# of Private Placements Disclosing Investment Value	25
Average Value	\$33
Median Value	\$10
Total Value	\$820
Prior Quarter Total Private Placement Investment Value	\$1,307
% Change	(37.3%)

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

Source: S&P Capital IQ

Q3'18

Noteworthy M&A Transactions



JULY 2018

Key Themes

Hospice sees surge in M&A activity due to increased private equity Interest.

Private equity groups opened their wallets to the hospice industry in July, as they continued to build out portfolio platforms via M&A in order to capture the growing trends in hospice care. As hospice continues to gain traction and stability in the marketplace, platforms are looking to capitalize by expanding their geographic reach and deepening their presence in existing markets. We anticipate continued activity in this sector as the marketplace continues to focus on care settings, like hospice, that deliver quality and compliant care while reducing costs.

Mental health invests in core competencies.

July has seen mental health companies focus on improving the quality of the patient experience by working to create additional interaction points with patients and providers. In this traditionally underserved market, providers are looking to augment depth rather than breadth to ensure they are driving successful outcomes for patients. Mental health has also proven to be an attractive area for private equity investment, as several funds made large investments in the market. As mental health continues to be destigmatized, many companies are positioning themselves to catch the growing number of new consumer entrants and serve as a long-term partner to their patients' mental health journeys.

Consumer-facing health applications garner a wide range of buyer interest.

Several transactions in July highlighted the desire from both strategic buyers and financial sponsors to create long-lasting consumer relationships via technology. As healthcare companies look to be active participants in the shift towards value-based care, the market has realized that creating and securing touchpoints with patients is extremely desirable, which has led to attractive valuations for acquisition targets that can consistently engage consumers. Companies will leverage these relationships to promote quality care and reduce spend by driving patient behavior to lower cost settings and preventative care.

Noteworthy M&A and Private Placement Transactions

- **Bristol Hospice**, a portfolio company of **Webster Capital**, acquired **Optimal Health Services**, the largest privately-held hospice provider in California. Bristol Hospice is a multi-regional provider of hospice and palliative care services designed to meet the needs of individuals at the end of their lives. Optimal Health Services has eight hospice and two home health locations and serves over 1,100 patients daily. The combined organization's deep knowledge of the hospice and home health markets will allow it to continue to scale quickly and drive superior operating performance.
- **Mediware**, a portfolio company of **TPG Capital** and provider of software solutions to healthcare providers and payers, acquired **Fazzi Associates**. Fazzi Associates offers medical coding to the home health and hospice market, patient satisfaction surveying, and a distance learning platform with more than 30,000 users focused on employee education. The acquisition creates a unique alignment between two different platforms - one in software and the other in outsourced services. Fazzi will allow Mediware to offer new services to their existing clients, supporting Mediware's value proposition to customers transitioning to value-based care. Together, the combined company is positioned to make positive transformations and foster well-trained and highly capable employees working in home health and hospice.
- **Aveanna Healthcare**, a pediatric home healthcare company that is backed by **Bain Capital**, completed the acquisition of **Premier Healthcare Services**, a provider of pediatric services to patients in California, with additional operations in Colorado and Texas. The acquisition of Premier will enable Aveanna to expand their presence into new geographical markets and create additional touchpoints with patients.
- **Civitas Solutions** (NYSE:CIVI) has completed the acquisition of **Creative Connection (CCI)**, a provider of community-based services for individuals with intellectual and developmental disabilities. Like Civitas' Family Home Agency program in California, CCI specializes in matching adult individuals in need of support with caregivers in their community. Civitas will adopt CCI's proprietary method of screening, monitoring, and supporting each caregiver-patient relationship, as well as bring CCI into their umbrella of specialized mental health providers.

- **Delphi Behavioral Health Group** has acquired **Family Recovery Specialists (FRS)**. Delphi is a nationwide provider of addiction and detox treatment programs, and Family Recovery Specialists is an outpatient program that provides comprehensive evaluations and treatments for adults and adolescents suffering from substance abuse and mental health disorders. With Delphi's expertise and resources, FRS will be able to expand its services and offer treatment to more individuals, as well as improve the quality of care they offer. Delphi plans to incorporate several techniques from FRS into its clinics and create a partnership that can offer a more complete continuum of care in Florida.
- **Lightyear Capital** and **Oak HC/FT** have acquired **Therapy Brands**, a software provider for the mental and behavioral health markets. The Company's software includes solutions across revenue cycle management and payments, data collection and reporting, practice management, and electronic health records. Founded in 2013, the Company's goal is to allow mental health and behavioral health professionals to spend less time on the administrative burden of practice management and more time treating patients, improving outcomes and growing their businesses. **Providence Strategic Growth** and **Greater Sum Ventures**, the current owners of the business, will maintain a minority stake in the Company.
- **Clearview Capital** and **Starboard Capital Partners** purchased **Apothecare**, an institutional pharmacy targeting behavioral health in group homes and community-based settings. The companies will be providing capital to help Apothecare drive organic and acquisition growth initiatives and improve the quality of care for their existing patients. Pharmacies in this sector manage complex medication needs, and Apothecare's high-touch model has been successful at driving positive patient outcomes.
- **SensorRX Inc.**, a Charlotte, NC-based provider of patient generated health data, has agreed to acquire St. Louis-based **Welltodo**. Welltodo is the developer of Migraine Coach, a mobile app focused on migraine management. SensorRX has its own migraine application, MigrnX, which tracks migraines and is integrated with top EHR vendors in order to streamline and improve patient care. With the acquisition, SensorRX plans to integrate Migraine Coach into their MigrnX platform and provide more comprehensive care to those dealing with migraines.

AUGUST 2018

Key Themes

Investor interest in autism service providers remains strong.

The prevalence of Autism Spectrum Disorder (ADS) has increased 119% since 2000, affecting an estimated one in 59 children, with hundreds of small service providers specializing in ADS emerging to satisfy the increased market demand for care. Additionally, 46 states have laws mandating the coverage of autism services for commercial payers. With favorable reimbursement tailwinds underpinning a highly fragmented and emerging market, investors are actively pursuing scalable opportunities to drive cost-reduction through consolidation of these platforms.

Consumer engagement platforms are a growing focus as a catalyst to drive cost-savings across the healthcare system.

Amidst the backdrop of an industry-wide shift to value-based care, payers and providers alike continue to embrace innovative platforms fostering patient engagement to enhance quality of care while reducing costs. Platforms providing transparency, incentives, and personalization are attracting attention from financial sponsors and strategic acquirers, who seek to position themselves at the forefront of this rapid shift in care delivery and reimbursement.

Continued healthcare market disruption presents opportunities for non-traditional strategic acquirers.

Many non-healthcare players continue to see the current healthcare delivery system as opaque and inefficient and seek to enter the healthcare market inorganically, using existing capacity and scale to create value. These firms target scalable, innovative healthcare platforms that present natural synergies, while also offering disruptive capabilities. As competition for these deals intensifies, attractive targets continue to draw considerable valuations.

Noteworthy M&A and Private Placement Transactions

- **WebMD**, a subsidiary of **Internet Brands**, acquired **Vitals Consumer Services Division** from **MDx Medical**. Vitals Consumer Services Division is a provider of online tools that help consumers find the right healthcare providers and connect with other patients through their websites [Vitals.com](#) and [UCompareHealthCare.com](#). It also includes MedHelp, a collection of online patient-to-patient communities. MDx Medical will retain the Vitals Enterprise Solutions business, a digital engagement platform that reduces the cost of healthcare for health plans and employers. The combined platform will foster consumer engagement by creating an easier experience for the 10 million combined visitors per month shopping for a healthcare provider.
- **Global Payments (NYSE: GPN)**, a provider of payment technology and software solutions, acquired **AdvancedMD** for **\$700M** from **Marlin Equity Partners**. Global Payments is a leading provider of payment technology and software solutions, and AdvancedMD provides cloud-based SaaS solutions to ambulatory physician practices. This acquisition will expand Global Payments' technology-enabled payments strategy while adding significant SaaS revenue into a new market and allow the firm to capitalize on the continued disruption within the healthcare space.
- **GoodRx**, a consumer drug transparency and education platform, received a growth equity investment from **SilverLake Partners**. They join existing investors **Francisco Partners** and **Spectrum Equity** to help drive the next phase of growth. GoodRx has over 10 million monthly users and has experienced tremendous success and widespread adoption since the company was founded, with users saving a combined \$6.5 billion in healthcare costs along with one third of doctors providing information about the platform to their patients.
- **Vista Equity Partners** acquired **Alegeus**, a provider of consumer-directed healthcare, from **Lightyear Capital**. Alegeus offers a comprehensive platform for the administration of healthcare benefit accounts, has the industry's most widely-used benefit debit card, and provides engagement solutions to help consumers maximize savings. Vista plans to help the company scale and foster innovation of the platform.
- **Best Buy** has agreed to acquire **GreatCall**, a developer and retailer of senior-friendly smartphones, smartwatches, medical alert devices and other senior-support technology, for **\$800M** in cash. The acquisition supports Best Buy's push into the healthcare market, with a focused approach that keeps seniors active and in their homes, while building a new type of relationship with consumers and payers.

- **SOC Telemed**, a leader in acute care telemedicine, has acquired **JSA Health**. SOC Telemed is the largest national provider of telemedicine technology and solutions to hospitals, and JSA Health is a behavioral health telemedicine company. The acquisition secures SOC Telemed's position as the largest acute telepsychiatry provider in the nation and helps address the desperate shortage of psychiatrists in the U.S.
- **Caravel Autism Health**, a leading provider of Applied Behavioral Analysis therapy to children on the Autism spectrum, announced a strategic investment by **Frazier Healthcare Partners**. The investment allows Caravel to pursue geographic expansion, explore additional treatment models, and invest in technology initiatives.

SEPTEMBER 2018

Key Themes

Pursuit of technology and analytics solutions to help patients better navigate the healthcare system.

As the line between patient and consumer blurs, healthcare providers and healthcare technology companies are pursuing investments to improve vital but often overlooked components of a patient's healthcare experience. Recent investments include non-emergency transportation, financial engagement solutions, and health improvement resources.

Expansion of behavioral health services to alternative settings.

Providers and investors are pursuing novel approaches to the provision of behavioral health services beyond the traditional residential treatment model. Alternative settings allow for treatment models that serve patients within their existing environment, with settings including correctional institutions and college campuses.

Continued investment in integrated care delivery models.

Driven by the ongoing shift to value-based care, investor interest in integrated care delivery remains high. There is particular interest in businesses that address complex, high cost conditions, such as end stage renal disease, heart disease, and cancer.

Noteworthy M&A and Private Placement Transactions

- **Logisticare**, the nation's largest non-emergency medical transportation broker, acquired **Circulation**, which offers HIPAA-compliant logistics and analytics solutions to administer non-emergency transportation programs. The Company's intuitive platform allows healthcare professionals to easily schedule rides for patients, while providing patients with text or voice notifications with the details they need to complete their ride. Circulation currently serves approximately 3,000 healthcare facilities across 45 states. Logisticare's parent company, **Providence Service Corporation**, made an initial minority investment in Circulation in July of 2017 and will pay **\$46 million** to acquire the remaining equity of the company. Logisticare intends to integrate Circulation's platform nationwide and is targeting **\$25 million** of run-rate synergies within the first 24 months of ownership.
- **Revspring**, a provider of patient communication and billing solutions, acquired **Apex Revenue Technologies**, which creates personalized patient engagement communications with the goal of improving financial outcomes for both patients and providers. The combined companies produce over one billion financial communications and generate over \$4 billion in payment volume annually. Private equity firm **GTCR**, Revspring's current majority shareholder, will retain a majority position in the combined entity, with the management teams of both companies holding significant minority positions.

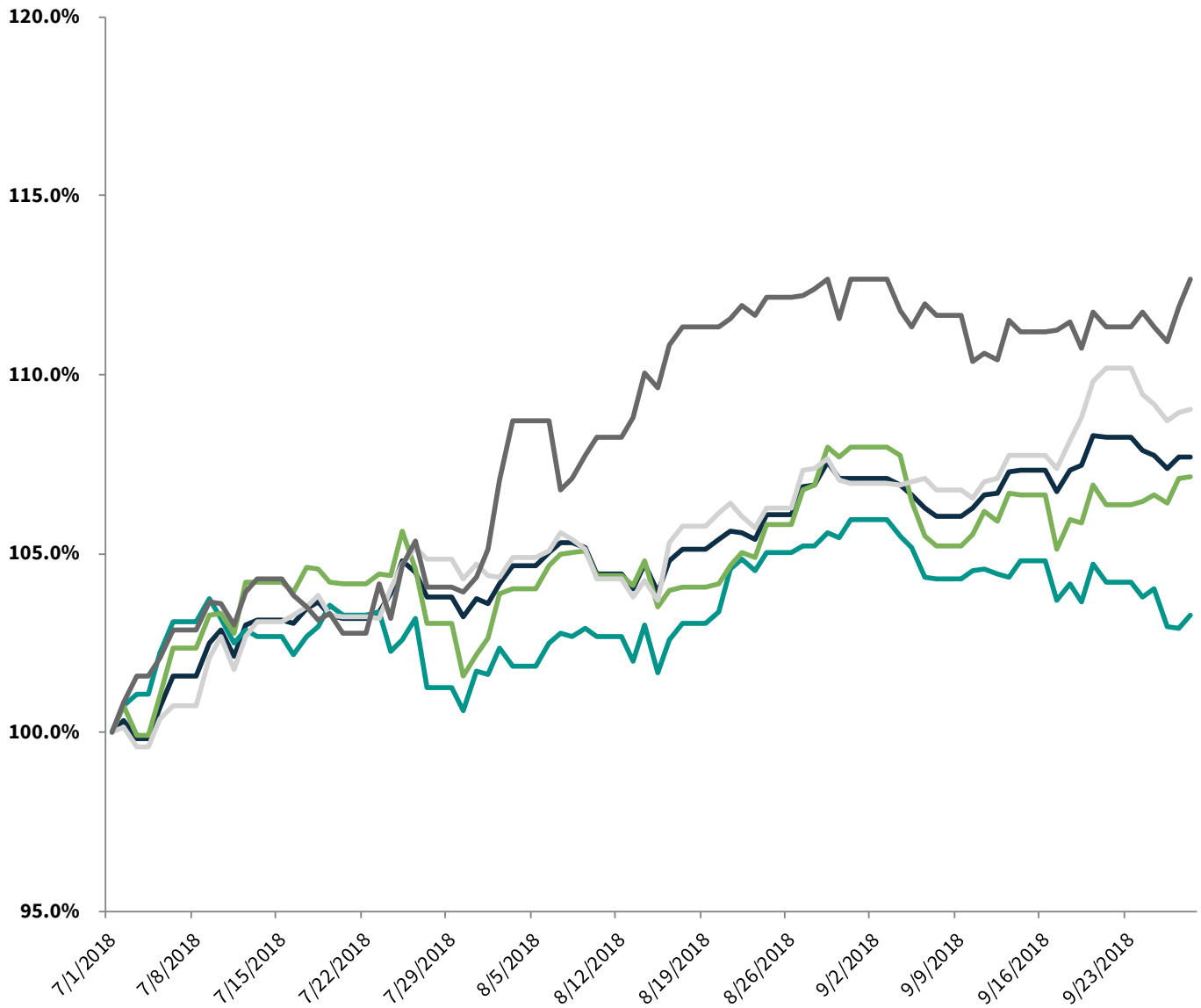
- **Welltok**, a SaaS-based company connecting consumers with personalized health improvement resources, acquired **Wellpass**, which offers text-based health programs on behalf of managed Medicaid plans, state Medicaid agencies, and departments of health. Wellpass has delivered over 400 million health messages by text since its founding and provides programs in smoking cessation, prenatal care, and diabetes management, among others. Welltok will incorporate Wellpass's programs into its existing suite of patient engagement solutions.
- **Correctional Medical Group Companies**, a portfolio company of **H.I.G. Capital**, acquired **Correct Care Solutions**, a provider of medical and behavioral health solutions to patients in correctional facilities, state hospitals, and civil commitment centers. The combined company will provide services to nearly 300,000 patients daily across 40 states and generate revenues in excess of **\$1.5 billion** annually.
- Private equity firm **Fulcrum Equity Partners** acquired **Life of Purpose Treatment Centers**, which is designed to support young adults who have received primary substance abuse treatment at other facilities and are entering or re-entering college. The Company's locations in Pennsylvania, New Jersey, and Florida are situated on or near several college campuses. Concurrent with the acquisition, Fulcrum announced the creation of **City Line Behavioral Healthcare**, which will act as the parent company for Life of Purpose Treatment Centers, Fulcrum's predecessor investment **Liberation Way**, and future behavioral healthcare assets.
- **Evolent Health** acquired **New Century Health**, a technology-enabled specialty care management company with a focus on cardiology and oncology. In addition to developing specialty networks, the company designs evidence-based clinical pathways to drive higher quality of care at a lower overall cost. The purchase price of **\$217 million**, which consists of 3.1 million shares of Evolent Class B stock and \$120 million in cash, represents approximately **1.2x LTM** revenues and **10.9x LTM adjusted EBITDA**.
- **Cricket Health**, a provider of integrated kidney care, closed a Series A round of \$24 million. The round was led by **Oak HC/FT**, and included new investors **Cigna**, **LifeForce Capital**, **iSeed Ventures**, **Liquid 2 Ventures**, **Halle Tecco**, and **Sami Inkinen**. Cricket utilizes proprietary data analytics to identify high risk patients and develop customized treatment plans in order to delay the progression of kidney disease. In doing so, the company seeks to create better outcomes for patients, while avoiding or reducing costs for payers.

Q3'18

Public Market Performance

Q3'18 MARKET INDICES

Broader Market and Healthcare Indices | July 2018 – September 2018

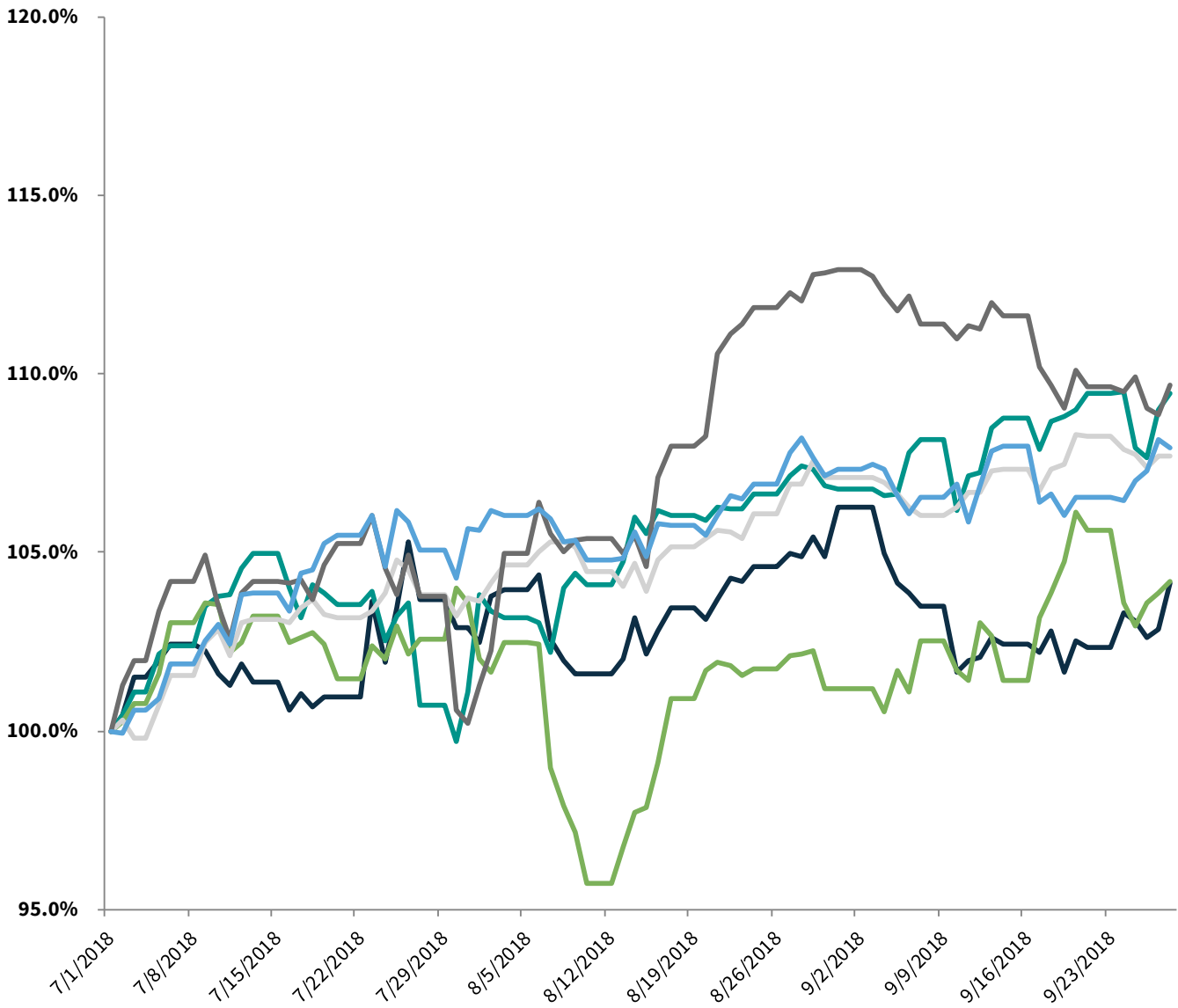


- S&P 500 Index
- Russell 2000 Index
- NASDAQ Composite Index
- Dow Jones Industrial Average
- TripleTree Healthcare Technology & Services Index

Source: S&P Capital IQ

Q3'18 HEALTHCARE INDICES

Healthcare Indices | July 2018 – September 2018



- Healthcare Delivery
- Health Insurance & Managed Care
- Healthcare Distribution
- S&P 500 Index
- Healthcare Information Technology & Services
- Healthcare Pharma-Life Sciences Services

Source: S&P Capital IQ



HEALTHCARE MERCHANT BANKING

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