

# Q3: Quarterly Industry Update

AS OF September 30, 2019



## Medical Recordkeeping

### INDUSTRY SUMMARY

COGENT VALUATION identified **Medical Recordkeeping** publicly traded companies IPOs, and recent M&A transactions within the Medical Recordkeeping industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2017, the median 52-week share price return of the Medical Recordkeeping industry was -4.5%. Between September 30, 2016 and September 30, 2018, the median EV/EBITDA multiple increased from 16.4 to 19.4. However, the median price-to-earnings multiple decreased from 49.2 to 34.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.4% and 14.9%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

-4.5%

Median 3-Year CAGR  
Return

1%

Median EV/Revenue  
Multiple

2.6x

Median EV/EBITDA  
Multiple

19.4x

Median Price/Earnings  
Multiple

34.3x

Median EV/Gross CF  
Multiple

29.1x

## Comparable Public Company Market Price Returns as of September 30, 2019

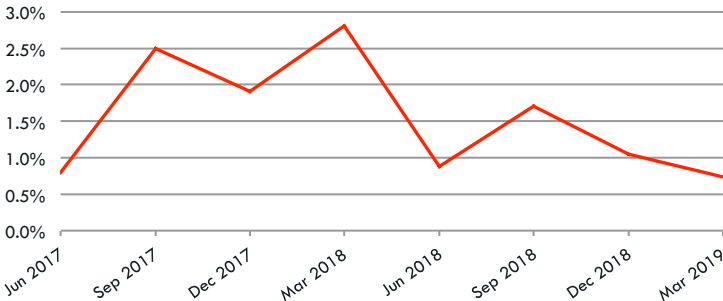
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
<b>Allscripts Healthcare Solutions, Inc.</b>	-15.1%	-15.1%	1.1%	-2.7%	42.5%	-33.6%	20.4%	-17.4%
<b>athenahealth, Inc.</b>	7.5%	7.5%	6.2%	-9.1%	26.5%	-34.7%	10.5%	8.3%
<b>Cerner Corporation</b>	-13.9%	-13.9%	-7.5%	5.8%	42.3%	-21.3%	-6.9%	16.0%
<b>Computer Programs and Systems</b>	-2.8%	-2.8%	-18.7%	-22.3%	27.3%	-52.6%	-18.1%	-1.7%
<b>Nuance Communications, Inc.</b>	-3.7%	-3.7%	3.2%	-9.3%	9.7%	-25.1%	39.4%	-6.1%
<b>Quality Systems, Inc.</b>	0.5%	0.5%	-5.1%	-8.2%	3.3%	-18.4%	3.4%	-26.0%
<b>Streamline Health Solutions, Inc.</b>	8.9%	8.9%	-19.7%	9.5%	35.2%	-11.3%	-67.4%	-38.0%
<b>Median of Industry Public Companies</b>	-2.8%	-2.8%	-5.1%	-8.2%	27.3%	-25.1%	3.4%	-6.1%

Multiple year periods are calculated as the average annual return.

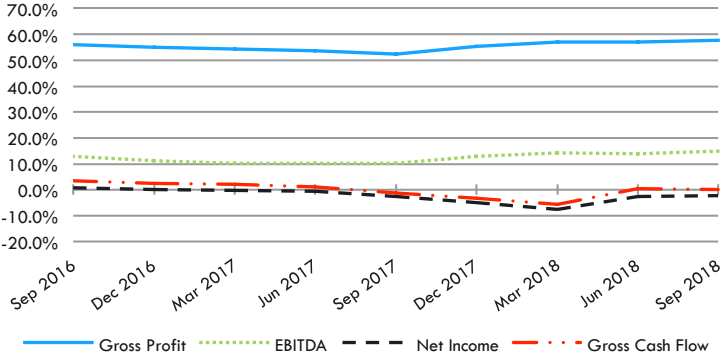
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Medical Recordkeeping Companies



Median Gross Profit, EBITDA, Net Income, and Gross Cash Flow Margins



## Public Company Median Multiples by Quarter

	9/30/19	6/30/19	3/31/19	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17
<b>EV/Revenues Multiple</b>	2.4x	2.0x	2.2x	2.3x	2.2x	2.2x	2.0x	2.4x
<b>EV/EBITDA Multiple</b>	23.4x	20.9x	18.6x	19.0x	20.1x	17.5x	14.9x	15.7x
<b>Price/Earnings Multiple</b>	40.4x	45.0x	37.1x	37.3x	47.9x	52.2x	52.3x	49.2x
<b>EV/Gross Cash Flows Multiple</b>	38.3x	41.3x	31.0x	44.0x	50.3x	46.1x	64.2x	62.7x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings—Medical Recordkeeping (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/20/19	<b>Press Ganey Holdings, Inc.</b>	\$25.00	8.9	\$222.5	\$910.1	\$416.2	\$291.1	\$92.8	\$18.3	\$112.9
9/26/18	<b>Premier, Inc.</b>	\$27.00	28.2	\$760.1	\$598.9	\$34.6	\$869.3	\$407.1	\$7.4	\$434.7
3/27/12	<b>Vocera Communications, Inc.</b>	\$16.00	5.9	\$93.6	\$49.8	\$8.3	\$79.5	\$1.2	(\$2.5)	\$2.2
2/1/12	<b>Greenway Medical Technologies, Inc.</b>	\$10.00	6.7	\$66.7	\$83.2	\$0.0	\$105.8	\$6.3	\$34.4	\$7.5
2/1/11	<b>Epocrates, Inc.</b>	\$16.00	5.4	\$85.8	\$122.2	\$0.0	N/A	N/A	N/A	N/A
4/21/10	<b>DynaVox Inc.</b>	\$15.00	9.4	\$140.6	\$128.4	\$79.2	\$111.7	\$28.1	\$13.5	\$30.7
5/20/15	<b>Median of all IPOs</b>	nm	nm	\$117.1	\$125.3	\$21.5	\$111.7	\$28.1	\$13.5	\$30.7

## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/5/19	AdvancedMD, Inc.	Global Payments Inc.	\$20.6	100%	N/A	N/A
7/6/19	HEALTHCAREfirst Inc.	Brightree LLC	\$1.6	51%	\$23.6	5.1x
5/9/19	Evimeria EMR AB	Apptix ASA	\$130.0	100%	N/A	N/A
4/6/19	Flatiron Health, Inc.	Roche Holding AG	\$820.0	100%	N/A	N/A
1/24/19	G4S Secure Data Solutions	Metrofile Holdings Limited	\$20.6	100%	N/A	N/A
12/7/18	Healthsciences International	New Silkroutes Group	\$1.6	100%	N/A	N/A
10/13/18	QHR Corporation	Shoppers Drug Mart Inc.	\$130.0	100%	N/A	N/A
6/1/18	Verisk Health, Inc.	Veritas Capital	\$820.0	100%	\$2.6	0.5x
1/27/14	Verisk Health, Inc.	GI Partners, LLC	\$950.0	80%	N/A	N/A
11/4/13	Netsmart Technologies Inc.	N/A	\$27.9	100%	\$134.8	4.7x
10/9/13	Capita Medical Reporting	Xerox Corporation	\$141.0	100%	\$75.3	0.8x
9/16/13	RSA Medical, LLC	Imprivata, Inc.	\$23.9	100%	\$38.1	2.3x
3/12/13	Epocrates	athenahealth	\$1.3	100%	\$111.1	2.1x
9/12/12	Strand Technology	Advanced Health and Care	\$3.2	100%	\$1.6	1.9x

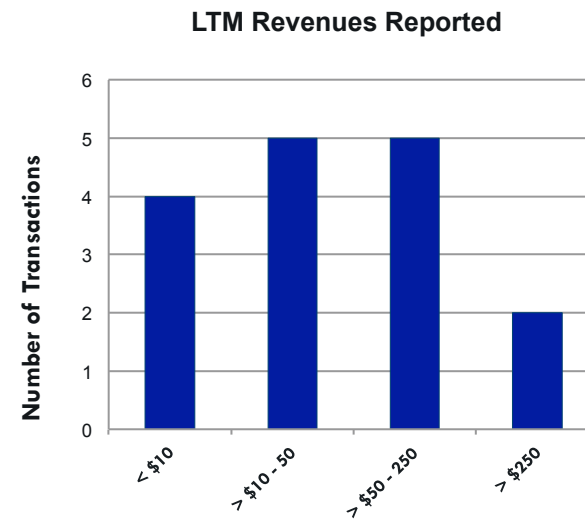
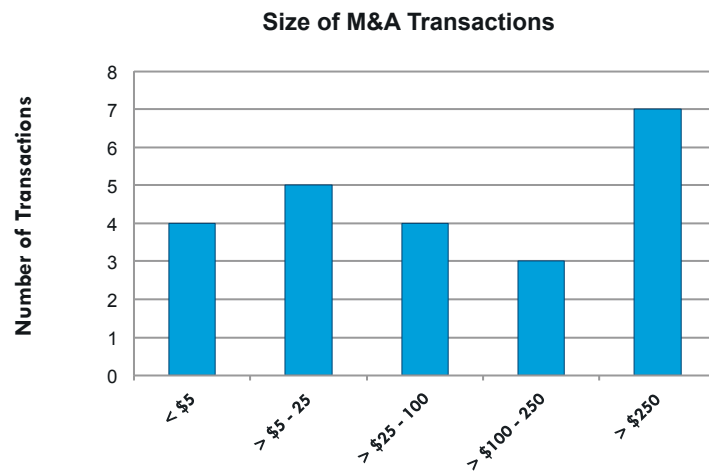
■ USA
 ■ International

(Continued on next page)

## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
3/30/12	Medrium	athenahealth	\$307.2	100%	\$111.1	2.1x
12/19/11	Sage Software Healthcare	Advanced Health and Care	\$3.2	100%	\$1.6	1.9x
11/10/11	Healthscreen Solutions	Verisk Analytics	\$314.7	100%	\$45.5	7.5x
10/11/11	iSOFT Group	Nightingale Informatix	\$5.8	100%	\$2.3	0.8x
7/19/11	HealthPort	Vista Equity Partners	\$433.6	100%	\$241.0	1.3x
1/3/11	PHNS	Optimed Software	\$18.0	100%	\$8.9	0.7x
8/31/10	American Healthcare	CSC Computer Sciences	\$250.0	100%	\$386.3	1.0x
8/24/10	Eclipsys	CompuGROUP Holding	\$65.0	100%	\$28.0	0.6x
Median of the 23 Transactions			\$88.7	100%	\$28.0	2.3x

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2019





**Definitions of Financial Terms Used in this Quarterly Industry Update:**

**Enterprise Value (EV):** Market Value of Equity + Market Value of Debt —Cash

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA):** Referred to as operating profit or operating earnings.

**Gross Cash Flows:** Net Income + Depreciation and Amortization Expense

**Latest Twelve Months (LTM):** Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

**Disclosures and Limitations:** This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE.

COGENT VALUATION is a nationally recognized full service business valuation firm that has provided independent valuation and financial advisory opinions in thousands of situations since 1991. These assignments include the valuation of companies and pass-through entities, their securities, and their intangible assets ranging in size from small, closely-held businesses and start-ups, to corporations with market values over a billion dollars, covering almost every industry and all types of transactions. With the collective backgrounds of our managing directors and professional staff, Cogent Valuation brings substantial large deal experience to bear on our middle market transaction opinions. Cogent Valuation utilizes proprietary research, intensive due diligence, and the experience and insights of its professionals to produce thoughtful, well-documented opinions that have consistently withstood the scrutiny of clients and their advisors, investors, regulators, and courts.

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. **Contact Steven Kam at 415-392-0888 or [kam@cogentvaluation.com](mailto:kam@cogentvaluation.com)** for additional information or questions in connection with this research report.