

Q4: Quarterly Industry Update

AS OF December 31, 2019

cogent valuation
FINANCIAL OPINIONS

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 December 31, 2017, the median 52-week share price return of the Medical Recordkeeping industry was -4.5%. Between September 30, 2016 and December 31, 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 December 31, 2019

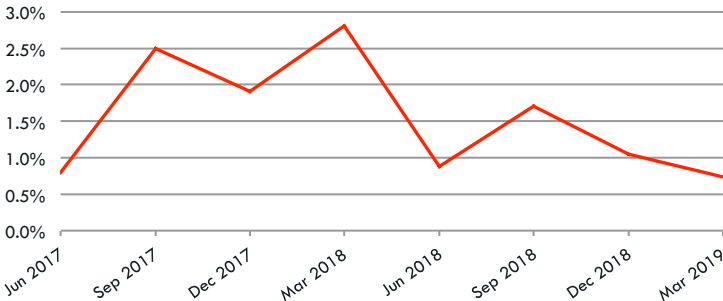
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
Allscripts Healthcare Solutions, Inc.	-15.1%	-15.1%	1.1%	-2.7%	42.5%	-33.6%	20.4%	-17.4%
athenahealth, Inc.	7.5%	7.5%	6.2%	-9.1%	26.5%	-34.7%	10.5%	8.3%
Cerner Corporation	-13.9%	-13.9%	-7.5%	5.8%	42.3%	-21.3%	-6.9%	16.0%
Computer Programs and Systems	-2.8%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

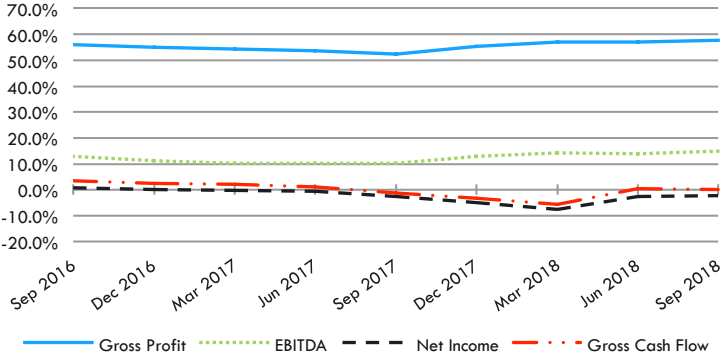
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
EV/Revenues Multiple	2.4x	2.0x	2.2x	2.3x	2.2x	2.2x	2.0x	2.4x
EV/EBITDA Multiple	23.4x	20.9x	18.6x	19.0x	20.1x	17.5x	14.9x	15.7x
Price/Earnings Multiple	40.4x	45.0x	37.1x	37.3x	47.9x	52.2x	52.3x	49.2x
EV/Gross Cash Flows Multiple	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
12/20/19	Press Ganey Holdings, Inc.	\$25.00	8.9	\$222.5	\$910.1	\$416.2	\$291.1	\$92.8	\$18.3	\$112.9
11/26/19	Premier, Inc.	\$27.00	28.2	\$760.1	\$598.9	\$34.6	\$869.3	\$407.1	\$7.4	\$434.7
3/27/19	Vocera Communications, Inc.	\$16.00	5.9	\$93.6	\$49.8	\$8.3	\$79.5	\$1.2	(\$2.5)	\$2.2
2/1/18	Greenway Medical Technologies, Inc.	\$10.00	6.7	\$66.7	\$83.2	\$0.0	\$105.8	\$6.3	\$34.4	\$7.5
2/1/17	Epocrates, Inc.	\$16.00	5.4	\$85.8	\$122.2	\$0.0	N/A	N/A	N/A	N/A
4/21/15	DynaVox Inc.	\$15.00	9.4	\$140.6	\$128.4	\$79.2	\$111.7	\$28.1	\$13.5	\$30.7
5/20/15	Median of all IPOs	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
12/5/19	AdvancedMD, Inc.	Global Payments Inc.	\$20.6	100%	N/A	N/A
11/6/19	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

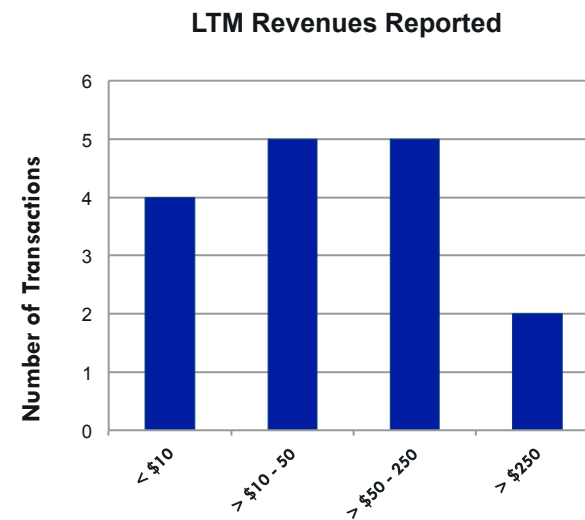
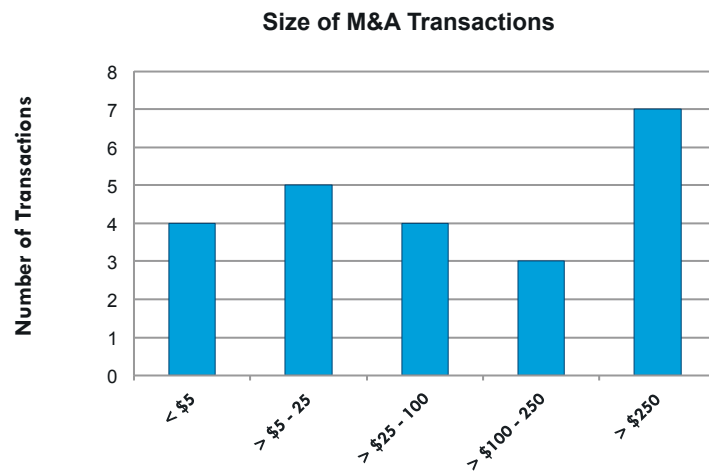
■ USA ■ International

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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 December 31, 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.

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