

Healthcare Deal Insights

Third Quarter 2010



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3Q10 Healthcare Tech M&A Statistics:

Number of Deals: 94
 Value of Deals: \$21.1B
 2Q Deal Vol.: Up 230%
 Most Active Sector: Devices

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Deals Profiled

Sector	Acquirer	Target
Healthcare-IT	Oracle Corp.	Phase Forward, Inc.
Biotechnology	BioMarin Pharmaceutical, Inc.	ZyStor Therapeutics, Inc.
Medical Devices	St. Jude Medical, Inc.	LightLab Imaging, Inc.
Pharmaceuticals	Gilead Sciences, Inc.	CGI Pharmaceuticals, Inc.

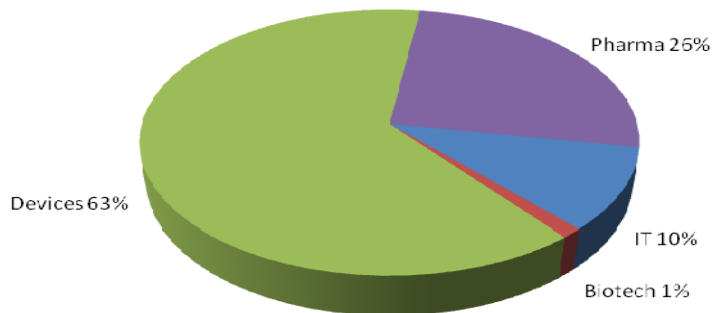
M&A Activity

Healthcare Technology - U.S. M&A Transactions




Source: Capital IQ

Healthcare Technology Deals Breakdown (\$ Value)




Healthcare-IT

Acquirer

Name:	Oracle Corporation (NasdaqGS: ORCL)	
LTM Revenues:	\$29.3B	LTM EBITDA: \$12.6B
Primary Industry:	Systems Software	Year Founded: 1977
Main Products/Services:	 Develops, manufactures, markets, distributes and services database and middleware software, applications software, and hardware systems worldwide. The company also licenses database and middleware software and provides hardware systems products. Oracle entered into a strategic alliance with Cap Gemini S.A. to market and implement Oracle Revenue Management applications.	
Headquarters:	Redwood City, California	

Target

Name:	Phase Forward, Inc.	
LTM Revenues:	\$227.7M	LTM EBITDA: \$31.7M
Primary Industry:	Healthcare Technology	Year Founded: 1997
Main Products/Services:	 Provides an integrated clinical research suite of enterprise-level software products, services, and hosted solutions worldwide. Its solutions are used in clinical trial and drug safety monitoring applications in the pharmaceutical, biotechnology, and medical device companies. The company's products are supported by consulting, training, application hosting and support services.	
Headquarters:	Waltham, Massachusetts	


Transaction

Date:	Aug. 11, 2010	Transaction Value:	\$720.8M	Percent Acquired:	100%
		Implied Enterprise Value:	\$584.3M	EV/EBITDA:	18.4x
		Deal Structure:	\$698.5M cash, \$22.3M warrants, \$136.5M assumed debt		

Rationale ► Oracle's acquisition of drug development software firm Phase Forward represents a 30% premium with respect to the stock price of the day before the acquisition was announced. However, the transaction is just one additional step in Oracle's strategy to grow its Health Sciences unit through acquisitions and thus provide an end-to-end eClinical suite. Oracle's objective is to find the best tools possible to get drugs through the trial process. The challenge, however, will be to integrate the two companies' disparate business models – Oracle has no ASP capabilities, only IT, while Phase Forward has a hybrid technology and ASP model. Nevertheless, by purchasing Phase Forward and its SasS model, Oracle will be able to offer small biotech companies the opportunity to leverage the Oracle brand.

Biotechnology

Acquirer

Name:	BioMarin Pharmaceutical, Inc. (NasdaqGS: BMRN)	
LTM Revenues:	\$344.8M	LTM EBITDA: \$38.0M
Primary Industry:	Biotechnology	Year Founded: 1996
Main Products/Services:	Develops and commercializes biopharmaceuticals for serious diseases and medical conditions. BioMarin's product portfolio comprises approved products and multiple investigational product candidates. It sells its products to specialty pharmacies, hospitals acting as retailers, pharmaceutical wholesalers, and distributors in the United States, Europe, Latin America, and internationally. It has a strategic alliance with Merck Serono S.A. and collaboration with Genzyme Corporation.	
		
Headquarters:	Novato, California	

Target

Name:	ZyStor Therapeutics, Inc.	
LTM Revenues:	--	LTM EBITDA: --
Primary Industry:	Biotechnology	Year Founded: 2004
Main Products/Services:	Develops therapeutics for patients with genetic disorders. It offers enzyme replacement therapies for the treatment of lysosomal storage diseases. The company was formerly known as Symbionics, Inc.	
		
Headquarters:	Milwaukee, Wisconsin	

Transaction

Date:	Aug. 17, 2010	Transaction Value: \$115.0M	Percent Acquired: 100%
		Implied Enterprise Value: \$115.0M	EV/EBITDA: --
		Deal Structure: \$22M in cash plus a \$93M earnout	


Rationale ► The deal boosts BioMarin's portfolio of enzyme replacement therapies (ZyStor specialty). The \$93M earnout is subject to the achievement of development, regulatory and commercial milestones. The first of the contingent payments would be for \$13 million when the first patient is enrolled in a Phase III clinical trial for ZC-701, Zystor's primary drug candidate which is being developed to combat Pompe disease. The addition of ZC-701 to BioMarin's pipeline should fill the void created by the recent discontinuation of the development of BMN-195 for treating a type of muscle disease.

Medical Devices

Acquirer

Name:	St. Jude Medical, Inc. (NYSE: STJ)	
LTM Revenues:	\$4.9B	LTM EBITDA: \$1.6B
Primary Industry:	Medical Devices	Year Founded: 1976
Main Products/Services:	Develops, manufactures, and distributes cardiovascular and implantable neurostimulation medical devices worldwide. St. Jude Medical operates in four segments: Cardiac Rhythm Management, Cardiovascular, Atrial Fibrillation, and Neuromodulation. The company markets its products through a direct sales force and independent distributors.	
		
Headquarters:	St. Paul, Minnesota	

Target

Name:	LightLab Imaging, Inc.	
LTM Revenues:	--	LTM EBITDA: --
Primary Industry:	Medical Devices	Year Founded: 1998
Main Products/Services:	Develops optical coherence tomography imaging modality that applies photonics to medical imaging applications. It offers M2x silo that provides data capture, display, processing, and storage solutions; ImageWire and Helios occlusion balloon catheters for imaging of coronary atherosclerotic plaques; and C7-XR imaging systems and C7 Dragonfly imaging catheters. LightLab has a strategic supply agreement with AXSUN Technologies.	
		
Headquarters:	Westford, Massachusetts	

Transaction

Date:	Jul. 6, 2010	Transaction Value:	\$97.4M	Percent Acquired:	100%
		Implied Enterprise Value:	\$97.4M	EV/EBITDA:	--
		Deal Structure:	\$97.4M in cash		

Rationale ► With its LightLab acquisition, St. Jude Medical is now the first company to offer a comprehensive product portfolio that includes both OCT and the company's Fractional Flow Reserve (FFR) technology. FFR technology, acquired by St. Jude through its acquisition of Radi Medical in 2008, is an index that identifies and measures the severity of coronary artery narrowing. This unique combination (OCT-FFR) provides cardiologists with comprehensive information to assess and determine the lesions that warrant coronary interventions, resulting in better treatment outcomes. Moreover, the acquisition of LightLab has enabled St. Jude to compete and expand in the intravascular imaging market. It also accelerates its cardiovascular business by offering a comprehensive suite of novel products.

Pharmaceuticals

Acquirer

Name: Gilead Sciences, Inc. (NasdaqGS: GILD)
 LTM Revenues: \$7.8B LTM EBITDA: \$4.4B
 Primary Industry: Biotechnology Year Founded: 1987

Main Products/Services: Engages in the discovery, development and commercialization of therapeutics for the treatment of life threatening diseases. Gilead Sciences products include treatments for human immunodeficiency virus infection in adults, chronic hepatitis B, serious invasive fungal infections, pulmonary arterial hypertension, chronic angina and influenza A and B among others.



Headquarters: Foster City, California

Target

Name: CGI Pharmaceuticals, Inc.
 LTM Revenues: -- LTM EBITDA: --
 Primary Industry: Pharmaceuticals Year Founded: 2000

Main Products/Services: A development-stage pharmaceutical company, CGI Pharmaceuticals focuses on discovering and developing small molecule therapeutics for multiple oncology and immunology-based indications. The company provides drug discovery and development programs, including Btk, a B-cell kinase for a range of AAID and oncology indications; and Syk, a regulator of mast cell, monocyte/macrophage, and B-cell functions. CGI Pharmaceuticals, Inc. was formerly known as Cellular Genomics, Inc. and changed its name in September 2005.



Headquarters: Branford, Connecticut

Transaction

Date: Jul. 20, 2010 Transaction Value: \$120.0M
 Implied Enterprise Value: \$120.0M EV/EBITDA: --
 Deal Structure: \$120.0M in cash

Rationale ► The acquisition of CGI represents a unique opportunity for Gilead to expand its research efforts in a promising area of drug discovery. CGI has established itself in the area of protein kinase biology and small molecule discovery, and the company's scientific leadership and expertise represents a strong strategic fit with Gilead's existing research organization. In fact, CGI has generated a library of proprietary small molecule kinase inhibitors and its lead compound could have applications for the treatment of inflammatory diseases, including rheumatoid arthritis.