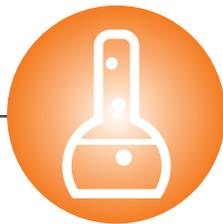


1H 2017 Healthcare and Life Sciences Transaction Report

A CohnReznick LLP Report

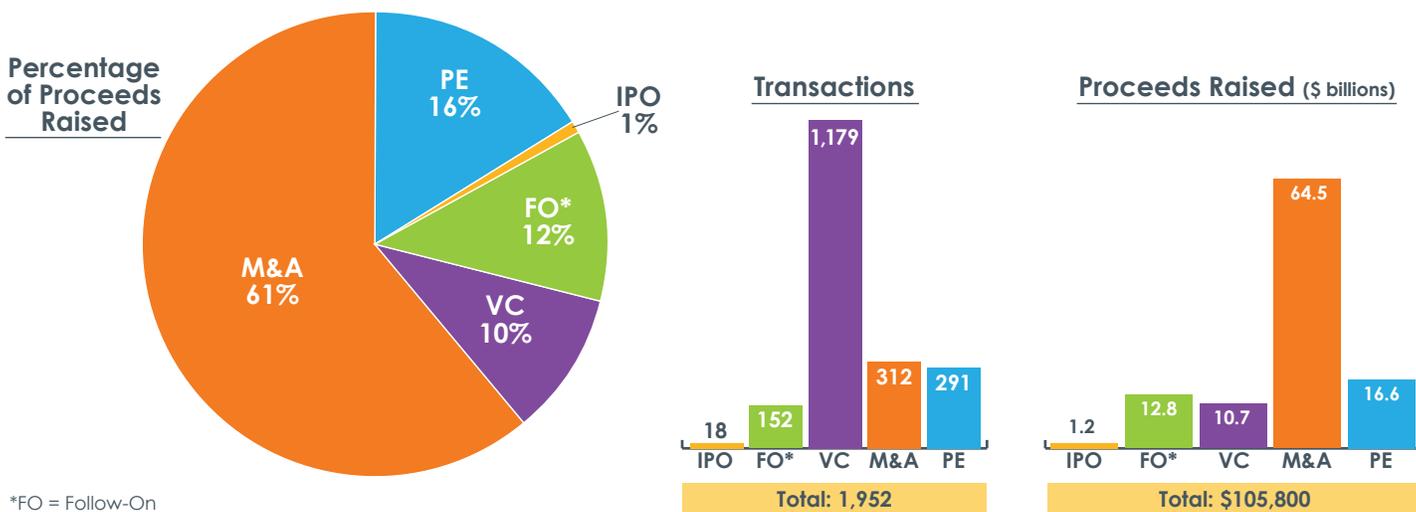




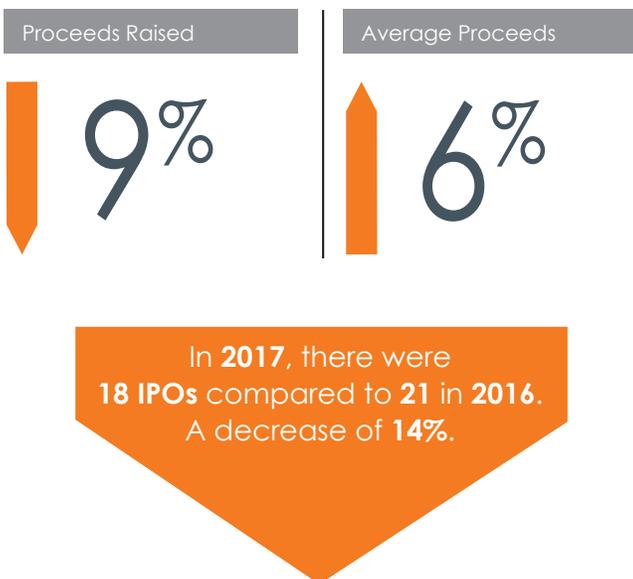
1H Healthcare and Life Sciences Transaction Report

Healthcare and Life Sciences companies raised over \$105 billion in capital in the first half of 2017 reflecting a continued interest in the sector. Even though overall transaction activity decreased compared to the same period in 2016, corporate M&A, private equity, and follow-on transactions displayed spirited levels of investment.

Capital Raised as a Percentage of Total



1H 2017 IPO Activity



IPO activity has been hampered by the amount of capital available in the private markets.

The Wall Street Journal reports that venture funds are raising capital at levels not seen since the dot-com boom. The influx of capital has helped startups stay private longer with money that in past eras would have been raised in the public markets. Additionally, corporate investors like big pharma, hungry to achieve their growth goals through aggressive mergers and acquisitions strategies, are buying companies that would have been prime candidates for an IPO. Concerns about drug pricing and the unknown status of healthcare legislation contribute an additional drag on IPO activity.

Even though the number of venture capital deals decreased in 1H 2017 when compared to 1H 2016, the amount of capital invested increased as did the average capital invested per transaction. This kind of transaction activity is indicative of current market conditions—an abundance of investable capital, a shortage of quality investments, low interest rates, and increasing valuations. Venture capital investment activity in 1H 2017 reflect an appetite for fewer deals at increased levels of investment.



1H Venture Capital Transactions

Capital Raised



Average Capital Invested



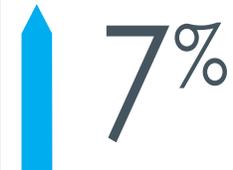
In 2017, there were **1,179 VC transactions** compared to **1,435** in 2016. A decrease of **18%**.

1H Corporate M&A Transactions

Capital Invested



Average Capital Invested



In 2017, there were **312 corporate transactions** compared to **558** in 2016. A decrease of **44%**.

1H Follow-On Activity

Follow-on activity for healthcare and life sciences companies was relatively flat in 1H 2017 when compared to the same time last year. Proceeds raised and average proceeds both decreased.

Proceeds Raised



Average Proceeds



In 2017, there were **152 follow-ons** compared to **150** in 2016. An increase of **1%**.

1H Private Equity Transactions

Private equity transaction activity and average capital invested decreased in 1H 2017 when compared to 1H 2016.

Capital Invested



Average Capital Invested



In 2017, there were **291 PE transactions** compared to **364** in 2016. A decrease of **20%**.

Conclusion

Overall transaction activity in the healthcare and life sciences sector has decreased when comparing 1H 2017 to 1H 2016, but we think the reduction in activity is more a reflection of current market conditions than it is apprehension about the sector specifically.

Even though healthcare and life sciences IPO activity slowed in 1H 2017 compared to 1H 2016, the IPO window is open. Q2 2017 recorded the highest number of IPOs in the past 8 quarters, but investors are selective. Healthcare and Life Sciences companies with a compelling story, a track record of achieving important milestones, good science and a good management team should receive favorable attention from investors. And if an IPO isn't a strategic or operational fit, private equity, venture capital, and corporate investment is certainly a consideration.

Outside of any major shocks to the market, or dramatic regulatory changes, we think current market conditions will extend through the end of this year and well into 2018.

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About CohnReznick's Healthcare and Life Sciences Industry Practice

As one of the top accounting, tax, and advisory firms in the United States, CohnReznick has a proven track record in helping private, public, and venture and private-equity backed life sciences companies manage financial growth at every stage of their life cycle. Our professionals provide clients with a range of services that helps improve financial reporting and operational efficiency and minimize tax obligations. Clients benefit from our entrepreneurial culture that includes hands-on partner involvement.

CohnReznick works with numerous healthcare and life sciences clients including drug development and pharmaceutical companies, medical device and equipment manufacturers, and healthcare technology and research, testing, and laboratory organizations. Our team has extensive knowledge in dealing with accounting and tax requirements specific to these companies—including complex licensing deals, tax sensitive financial structures, purchase price and stock valuations, and specialized assurance services to help meet lender and investor expectations.

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CohnReznick LLP is one of the top accounting, tax, and advisory firms in the United States, combining the deep resources of a national firm with the hands-on, agile approach that today's dynamic business environment demands. With diverse industry expertise, the Firm provides companies with the insight and experience to help them break through and seize growth opportunities. The Firm, with origins dating back to 1919, is headquartered in New York, NY with 2,700 employees in offices nationwide. CohnReznick is a member of Nexia International, a global network of independent accountancy, tax, and business advisors.

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