



Evolve
Capital Partners

Change Healthcare

June 2019

Summary of Initial Public Offering

CHANGE
HEALTHCARE

SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY

Change Healthcare IPO – Executive Summary

Initial Public Offering Overview – June 2019



NAS:CHNG



Description

- Change Healthcare Inc., an independent healthcare technology platform, provides data and analytics-driven solutions to enhance clinical, financial, administrative, and patient engagement outcomes in the U.S. healthcare system. It operates through three segments: Software and Analytics, Network Solutions, and Technology-Enabled Services.



Use of Proceeds

- The Company planned to use the net proceeds of about \$243 million to pay down a portion of its debt, which totaled \$5.8 billion at the time of filing.

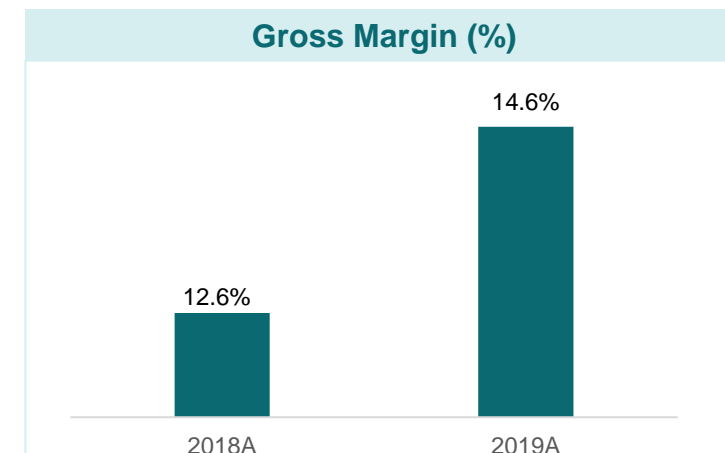
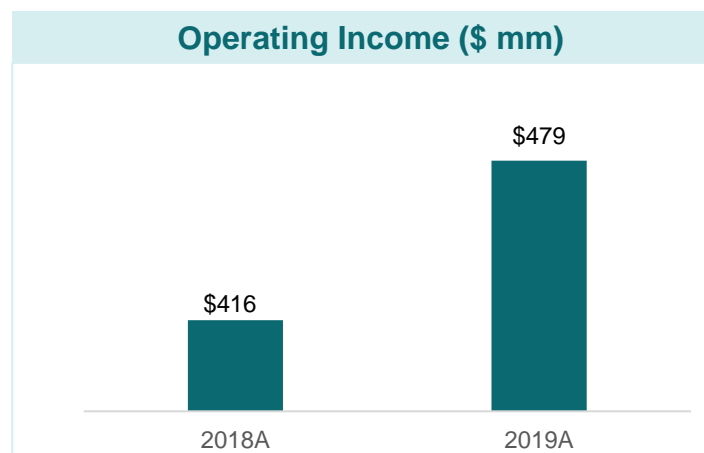
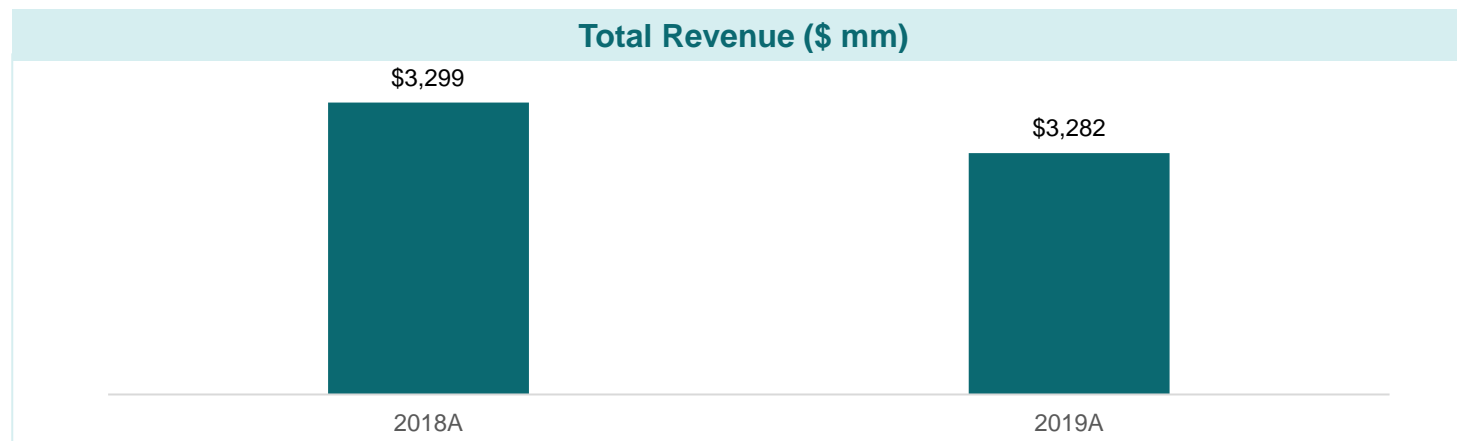
Headquarters	Nashville, TN
Founded	2016
Employees	15,000
Trading Date	6/26/2019
Underwriters	Barclays, Goldman Sachs, J.P. Morgan, BofA, Citi
Issue Price	\$13.00
Shares Offered	42.9 million
Gross Proceeds	\$557 million

Source(s): Change Healthcare 424B4 Filing.

Change Healthcare IPO – Executive Summary

Key Metrics

Shares Offered through the IPO	42.9 million
Issue Price	\$13.00
Total Shares Outstanding after the IPO	118.3 million
Market Value at Listing Price ⁽¹⁾	\$1.54 billion
Enterprise Value at Listing Price ⁽²⁾	\$7.34 billion
EV / Revenue ⁽³⁾	2.2x
Trading Date	6/26/2019
Listing Price	\$13.00
Listing Premium	\$0.00



Source(s): Capital IQ, Pitchbook, Media Reports.

⁽¹⁾ Market Value has been calculated as Listing Price x Total Shares Outstanding after the IPO.

⁽²⁾ Enterprise Value is based on the calculated Market Value at Listing Price and preferred equity and debt June 26, 2019. Cash amount of \$3.6M is negligible.

⁽³⁾ EV / Revenue calculated based on market value of securities on listing date.

Change Healthcare IPO – Executive Summary







Company Overview

Overview

- Change Healthcare is a provider of data-driven solutions to ensure clinically appropriate healthcare, increase efficiency and reduce waste within the healthcare industry.
- The company's solutions center around software and analytics, network software and the use of technology-enabled services to support financial, operational, clinical and administrative management.
- The company's solutions are embedded in their clients' core business workflows, providing comprehensive insights to improve efficiency.
- With extensive industry relationships and access to large-scale data, the company can offer best-in-class technologies and AI/ML solutions to improve clinical and financial outcomes.
- Most of the revenue comes from recurring payments (subscription-based), with a highly diversified client base.
- Market opportunities include significant wastage in the US healthcare system, a growing population of patients who are chronically ill and at high risk, and the ongoing transition towards digitalizing medical data.

Source(s): Change Healthcare 424B4 Filing.

Key Statistics

	The company has over 30,000 customers, with clinical transactions for over 112 million unique patients in the US.
	About one-third of all US healthcare expenditures are facilitated by the company.
	Since 2016, the company's claims payment solution has contributed to over \$4 billion in annual savings for payer customers.
	The company retained all its top 50 provider and top 50 payer customers, in the fiscal year ending March 31, 2019.
	\$3 billion in revenue generated, with net income of \$177 million, in the fiscal year ending March 31, 2019.
	The company has 1,800 technology professionals working in R&D centers in the US and in Tel Aviv, Israel.

Change Healthcare IPO – Executive Summary

Management Team

Key Executives

Biography



Neil de Crescenzo
President and CEO

- Neil de Crescenzo has served as Change Healthcare’s President and Chief Executive Officer and a member of its board of directors since 2013.
- From 2008 to 2013, Neil served as the Senior Vice President and General Manager of the Global Health Sciences business of Oracle Corporation.
- Before joining Oracle in 2006, Neil spent 10 years at IBM Corporation, where he last served as senior executive for Global Healthcare Business Consulting Services.
- Neil holds a Bachelor of Arts in Political Science from Yale University and a Masters of Business Administration from Northeastern University.








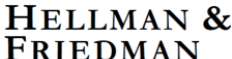



Fredrik Eliasson
EVP & Chief Financial Officer

- Fredrik Eliasson has served as Executive Vice President and Chief Financial Officer of Change Healthcare since 2018.
- From 2012 to 2015, Fredrik served as EVP and Chief Financial Officer for CSX Corporation, a transportation company that provides rail solutions. He later served as EVP and Chief Sales and Marketing Officer from 2015 to 2017.
- Fredrik holds a Bachelor of Arts and a Masters of Business Administration from Virginia Commonwealth University.

Source(s): Change Healthcare 424B4 Filing, Company website.

Change Healthcare IPO – Executive Summary

Transaction History

Date	Transaction Type	Amount (\$b)	Post-Money Valuation (\$b)	Key Investors
6/28/2016	M&A	\$4.45	\$6.36 ⁽¹⁾	
11/2/2011	Buyout	\$2.07	\$2.07	 The  Group [®]
2/11/2008	Secondary	\$0.58	\$1.20	 BlueCross BlueShield Venture Partners  GENERAL ATLANTIC  HELLMAN & FRIEDMAN
11/16/2006	Buyout	\$1.20	\$2.30	 GENERAL ATLANTIC
3/4/2004	Private Equity	\$0.10	\$0.10	 KPCB <small>KLEINER PERKINS CAUPEL BYERS</small>  PACIFIC CORPORATE GROUP LLC

Source(s): Capital IQ, Pitchbook, Change Healthcare 424B4 Filing.

⁽¹⁾ Post-acquisition, McKesson owns 70% stake of the company and Change Healthcare shareholders own the remaining stake.

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