

INVESTMENT MEMORANDUM

NovaTech Solutions

Date: October 25, 2023 | Prepared by: Jessica Tran

EXECUTIVE SUMMARY

NovaTech Solutions is a leading provider of healthcare IT solutions, specializing in electronic health records (EHR) and telehealth services. The company has demonstrated strong growth and profitability, making it an attractive investment opportunity for our firm.

COMPANY OVERVIEW

Founded in 2015, NovaTech Solutions is headquartered in Austin, Texas. The company develops comprehensive healthcare IT systems that enhance patient care through improved data management and communication. With a strong client base of hospitals and clinics across the U.S., NovaTech has positioned itself as a leader in the rapidly evolving healthcare technology sector.

INVESTMENT THESIS

- The growing demand for digital transformation in healthcare creates a significant market opportunity for NovaTech's IT solutions.
- NovaTech's strong growth and profitability make it an attractive investment opportunity.

FINANCIAL SUMMARY

Revenue (TTM)	\$75M
Revenue Growth	25%
EBITDA (TTM)	\$15M
EBITDA Margin	20%
Net Debt	\$10M
EV/EBITDA	10.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$50M	\$8M	16%
2022	\$60M	\$10M	17%

2023	\$75M	\$15M	20%
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KEY RISKS AND MITIGANTS

Risk	Mitigant
Increased competition in the healthcare IT sector	Strengthen R&D initiatives to maintain technological leadership.
Regulatory changes impacting healthcare technology	Establish a dedicated compliance team to navigate regulatory landscapes.
Dependence on key clients	Diversify the client base to reduce reliance on top customers.

VALUATION SUMMARY

Enterprise Value	\$150M
Equity Value	\$140M
EV/Revenue	2.0x
EV/EBITDA	10.0x
Target IRR	20%
Target MOIC	2.5x

RECOMMENDATION

INVEST. NovaTech Solutions presents a compelling opportunity due to its strong growth trajectory and innovative product offerings, coupled with an experienced management team that can drive future expansion.