

INVESTMENT MEMORANDUM

NovaTech Solutions

Date: October 15, 2023 | Prepared by: Emily Johnson

EXECUTIVE SUMMARY

NovaTech Solutions presents a compelling investment opportunity within the rapidly growing healthcare IT sector. With a strong track record of revenue growth and innovative product offerings, the company is well-positioned to capitalize on the increasing demand for digital healthcare solutions.

COMPANY OVERVIEW

Founded in 2015, NovaTech Solutions is headquartered in Austin, Texas. The company specializes in providing cloud-based healthcare IT solutions that enhance patient management and streamline operations for healthcare providers. NovaTech has established a robust customer base of hospitals and clinics across the United States.

INVESTMENT THESIS

- The healthcare IT sector is projected to grow at a CAGR of 15% over the next five years, driven by the increasing adoption of digital health solutions and regulatory reforms.
- NovaTech's market position is highly competitive, offering a significant competitive advantage.

FINANCIAL SUMMARY

Revenue (TTM)	\$85M
Revenue Growth	20%
EBITDA (TTM)	\$18M
EBITDA Margin	21%
Net Debt	\$30M
EV/EBITDA	10.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$55M	\$10M	18%
2022	\$70M	\$13M	19%
2023	\$85M	\$18M	21%

KEY RISKS AND MITIGANTS

Risk	Mitigant
Regulatory changes affecting healthcare IT standards	Proactive engagement with regulatory bodies and legal counsel to stay compliant.
Competitive pressure from larger healthcare IT providers	Focus on niche markets and continuous innovation to differentiate NovaTech's offerings.
Dependence on key clients for revenue stability	Diversify client base through targeted marketing and strategic partnerships.

VALUATION SUMMARY

Enterprise Value	\$180M
Equity Value	\$150M
EV/Revenue	2.12x
EV/EBITDA	10.0x
Target IRR	25%
Target MOIC	2.5x

RECOMMENDATION

INVEST. NovaTech Solutions demonstrates strong growth potential and resilience in a booming sector, making it an attractive opportunity for our portfolio.