

INDUSTRY INSIGHTS

Healthcare Services Sector Update

August 2020



Q Highlights

The **S&P Healthcare Services Index** increased by 2.5% over the last month, compared to the S&P 500 Index, which increased 7.0% over the same period.

Over the past month:

The sectors that experienced the most growth were Skilled Nursing (up 21.7%), Consumer Directed Health/Wellness (up 9.0%) and Home Health/Hospice (up 6.7%).

The sectors that experienced the largest declines were Healthcare Consulting (down 9.1%), Government Managed Care (down 4.6%) and Clinical Laboratories (down 4.2%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.89x and 10.5x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update .o

Market Sector	No. of Companies	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2020E
			1 mo	12 mo	Rev	EBITDA	LTM	2020E	
Providers									
Acute Care Hospitals	4	\$58,817	6.0%	8.9%	1.19x	9.2x	13.5x	10.5x	1.0x
Assisted/Independent Living	3	689	3.0%	(49.8%)	1.39x	14.0x	4.6x	2.7x	NM
Behavioral Health	3	15,410	0.9%	5.4%	0.35x	12.2x	22.0x	15.0x	1.6x
Dialysis Services	3	35,691	(3.2%)	34.9%	1.74x	9.8x	14.0x	12.9x	1.2x
Healthcare Staffing	2	2,770	(2.0%)	(10.4%)	0.93x	13.3x	29.6x	32.2x	1.7x
Home Health/Hospice	6	26,461	6.7%	54.9%	3.00x	19.5x	39.0x	36.9x	3.0x
Rehabilitation	4	10,569	0.1%	7.1%	2.90x	15.5x	25.3x	28.4x	2.2x
Skilled Nursing	3	4,165	21.7%	7.3%	1.18x	14.1x	18.6x	19.1x	1.3x
Providers – Other	3	3,250	1.8%	52.6%	4.19x	14.1x	NM	11.0x	8.5x
Payors/Managed Care									
Commercial Managed Care	5	\$490,341	3.4%	28.7%	2.44x	10.3x	14.6x	15.7x	1.3x
Government Managed Care	2	46,502	(4.6%)	34.0%	0.52x	8.2x	16.9x	14.1x	1.2x
Specialty Managed Care	2	1,091,548	0.1%	(0.0%)	0.50x	7.5x	14.4x	12.8x	NM
Consumer Directed Health/Wellness	5	\$7,459	9.0%	18.6%	2.65x	17.7x	NM	25.8x	4.0x
HCIT	24	\$85,545	1.5%	120.7%	5.40x	27.3x	32.5x	30.7x	2.2x
Other Outsourced Services									
Care Management/Third-Party Administrator	4	\$8,236	1.9%	(5.5%)	1.50x	13.1x	27.1x	17.9x	0.6x
Clinical Laboratories	7	49,034	(4.2%)	15.0%	6.66x	15.2x	32.2x	19.1x	1.6x
Contract Research Organizations	6	77,397	5.6%	16.7%	3.44x	20.8x	34.9x	26.7x	2.9x
Hospital Vendors	4	7,550	0.5%	33.3%	1.93x	21.2x	19.3x	33.3x	2.7x
Healthcare Consulting	1	936	(9.1%)	(29.1%)	1.42x	12.4x	NM	25.7x	NM
Product									
Distribution	6	\$74,016	(1.4%)	19.0%	0.68x	11.0x	19.5x	17.3x	3.6x
Healthcare REITS	15	\$82,013	2.2%	(25.5%)	11.30x	17.2x	29.2x	39.8x	NM

Healthcare Services Sector Update

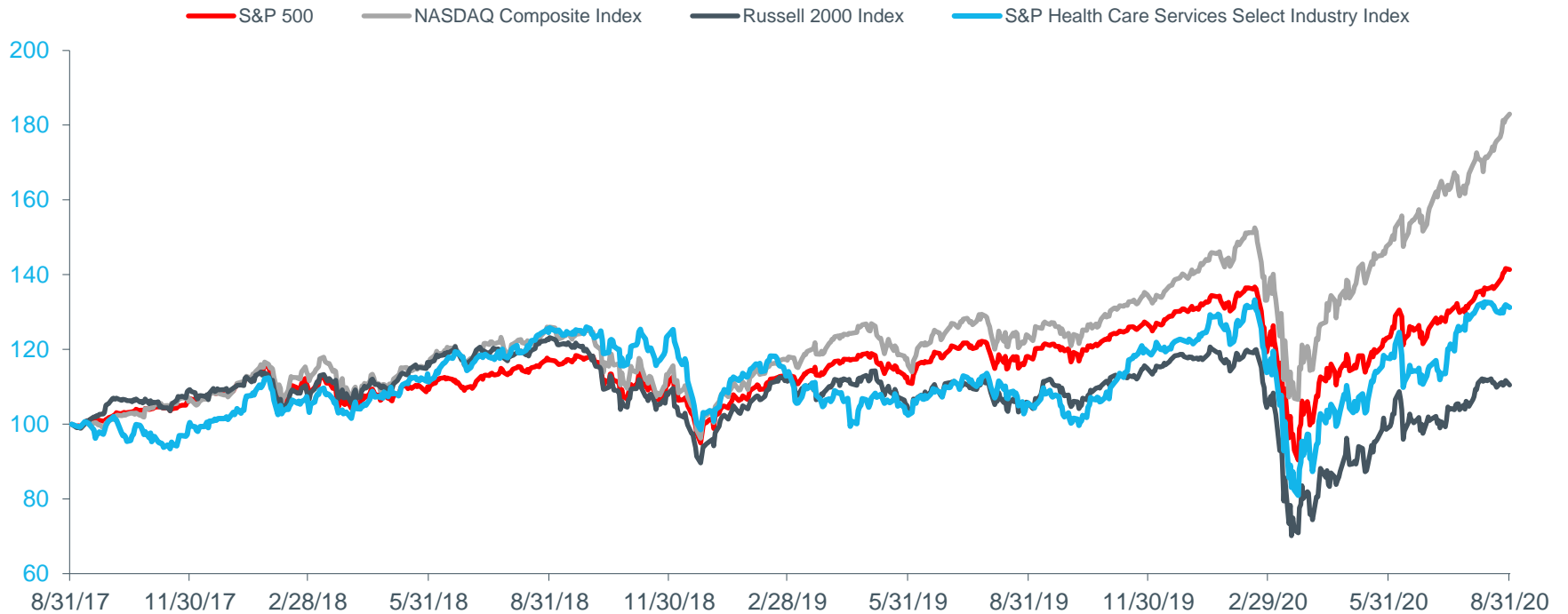
Market Indices	Value at	% Change			
	8/31/2020	1 mo	YTD	12 mo	36 mo
S&P 500	3,500.3	7.0%	8.3%	19.6%	41.6%
NASDAQ Composite Index	11,775.5	9.6%	31.2%	47.9%	83.2%
Russell 2000 Index	1,561.9	5.5%	(6.4%)	4.5%	11.1%
S&P Composite 1500 Health Care Facilities (Sub Ind)	333.4	6.0%	(10.2%)	7.0%	43.3%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,035.2	1.6%	0.0%	21.2%	34.4%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,923.9	2.7%	4.4%	29.6%	51.4%
S&P Health Care Services Select Industry Index	11,871.0	2.5%	7.0%	24.2%	31.5%

Interest Rates	Value at	1 mo	3 mo	12 mo
	8/31/2020	ago	ago	ago
LIBOR - USD - 6 months	0.31%	0.31%	0.50%	2.04%
U.S. Treasury - 2 years	0.14%	0.11%	0.14%	1.50%
U.S. Treasury - 5 years	0.26%	0.21%	0.30%	1.40%
U.S. Treasury - 10 years	0.70%	0.54%	0.66%	1.51%
U.S. Treasury - 30 years	1.45%	1.20%	1.45%	1.97%
U.S. Prime Rate	3.25%	3.25%	3.25%	5.25%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Equity Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	38	\$983,566	33.3%	89.6%	1.3%	20.6%	33.5%	60.8%
\$1 billion - \$5 billion	43	99,959	37.7%	9.1%	3.7%	8.0%	14.6%	44.6%
\$250 million - \$1 billion	22	13,341	19.3%	1.2%	4.8%	3.6%	34.1%	45.3%
\$100 million - \$250 million	6	1,168	5.3%	0.1%	7.1%	4.5%	16.4%	(36.0%)
< \$100 million	5	179	4.4%	0.0%	1.9%	(38.2%)	(35.9%)	(44.0%)

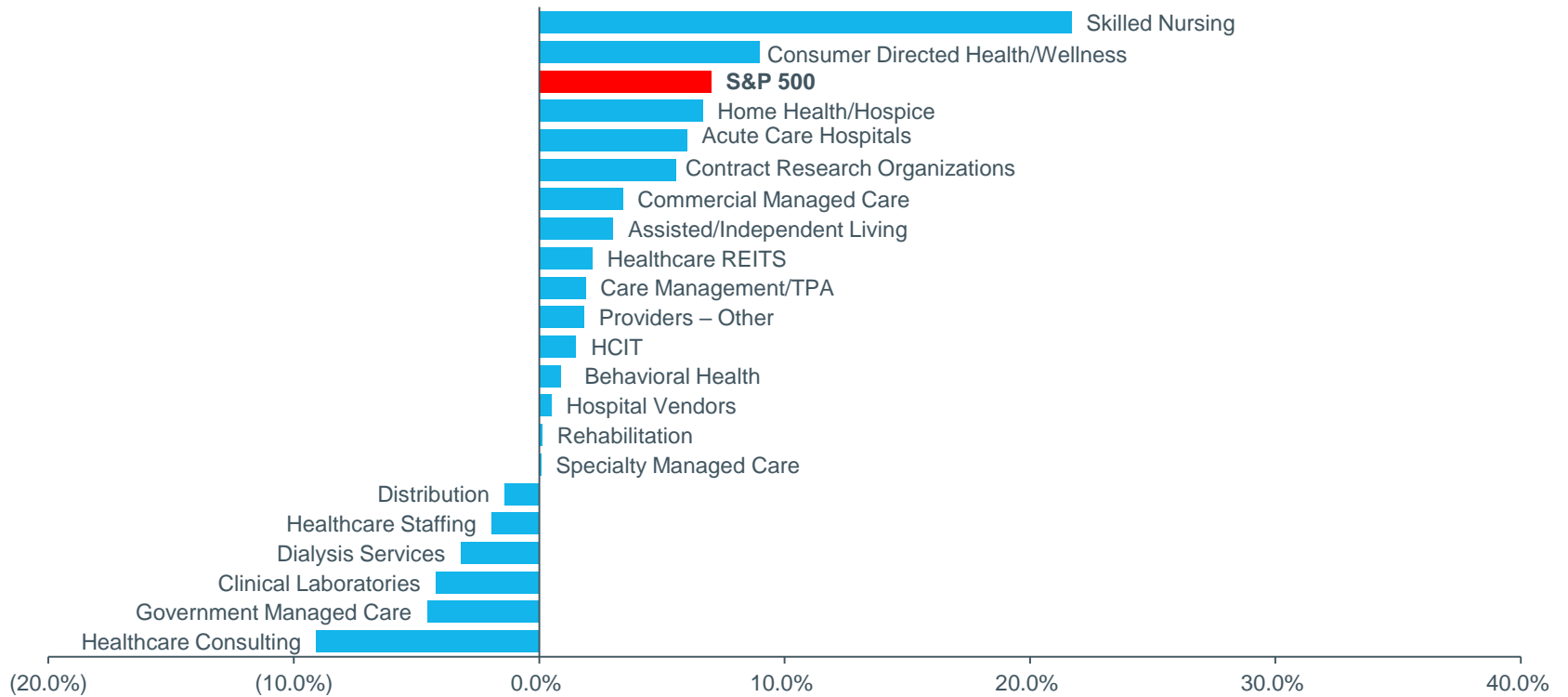
Healthcare Services Market Performance

Performance of Market Indices for Last 36 Months



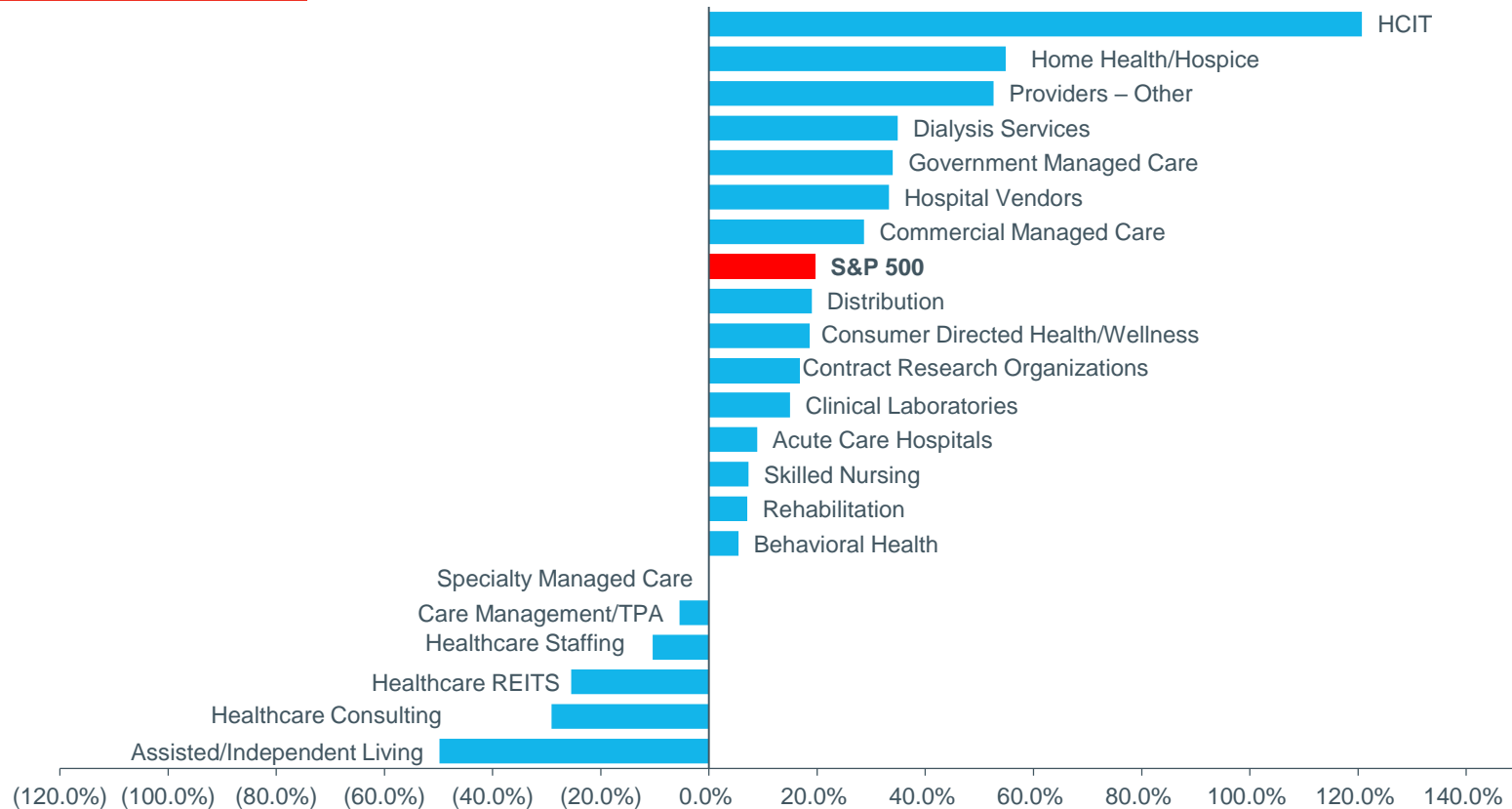
Healthcare Services Sector Change

1 Month % Change



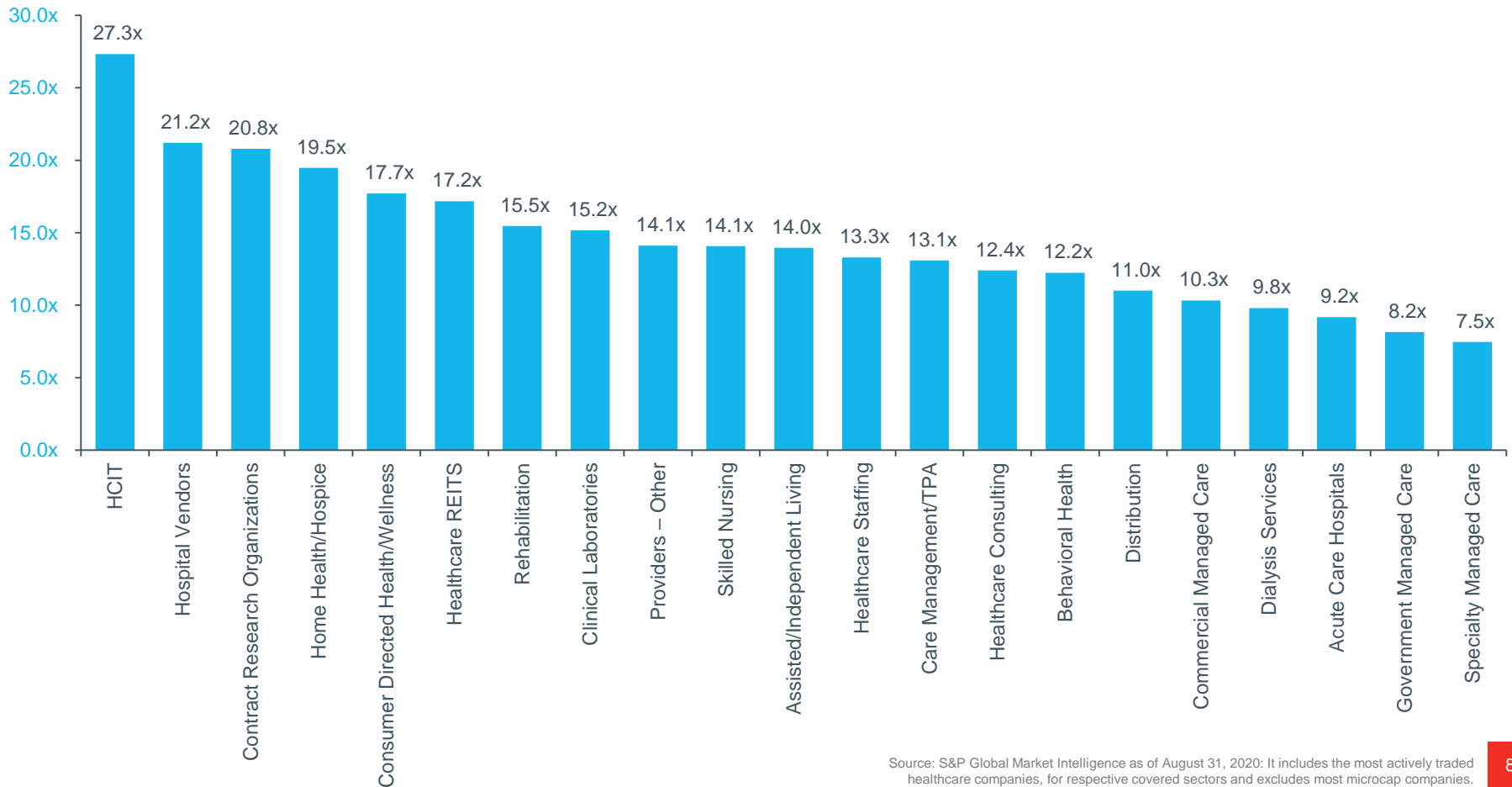
Healthcare Services Sector Change

12 Month % Change



Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



Source: S&P Global Market Intelligence as of August 31, 2020. It includes the most actively traded healthcare companies, for respective covered sectors and excludes most microcap companies.

For the detailed August trading multiples for individual healthcare services companies, please contact one of our professionals below.

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