

INDUSTRY INSIGHTS

Healthcare Services Sector Update

December 2020



Q Highlights

The **S&P Healthcare Services** Index increased by 7.3% over the last month, compared to the S&P 500 Index, which increased 2.6% over the same period.

Over the past month:

The sectors that experienced the most growth were Behavioral Health (up 24.8%), Providers – Other (up 17.1%) and Home Health/Hospice (up 12.2%).

The sector that experienced the largest decline was Consumer Directed Health/Wellness (down 2.0%), Distribution (down 1.1%) and Clinical Laboratories (down 1.0%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.99x and 10.4x, 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
			1 mo	12 mo	Rev	EBITDA	LTM	2020E	2020E
Providers									
Acute Care Hospitals	4	\$72,401	9.7%	10.1%	1.28x	9.3x	15.1x	12.6x	1.3x
Assisted/Independent Living	3	1,056	6.8%	(14.1%)	1.52x	13.9x	24.4x	4.6x	NM
Behavioral Health	3	21,323	24.8%	11.3%	0.38x	14.2x	35.0x	21.5x	1.7x
Dialysis Services	3	37,977	2.0%	29.1%	1.86x	10.6x	17.8x	15.7x	0.8x
Healthcare Staffing	2	3,543	4.5%	6.4%	1.13x	16.3x	36.5x	22.8x	2.0x
Home Health/Hospice	7	33,217	12.2%	51.7%	3.22x	20.0x	32.3x	35.8x	2.9x
Rehabilitation	4	13,864	7.1%	18.7%	3.74x	13.2x	24.2x	22.9x	4.3x
Skilled Nursing	3	4,986	2.5%	42.1%	1.28x	14.9x	31.6x	23.4x	1.6x
Providers – Other	4	4,511	17.1%	21.1%	5.63x	15.0x	NM	17.8x	NM
Payors/Managed Care									
Commercial Managed Care	5	\$545,766	3.4%	14.5%	3.04x	10.8x	16.1x	17.1x	1.4x
Government Managed Care	2	47,417	(0.8%)	11.8%	0.54x	8.3x	16.0x	14.4x	1.6x
Specialty Managed Care	2	1,209,692	0.0%	0.0%	0.46x	6.0x	14.7x	15.2x	NM
Consumer Directed Health/Wellness	5	\$8,838	(2.0%)	(5.1%)	2.92x	18.5x	NM	42.6x	0.4x
HCIT	26	\$120,455	4.7%	44.9%	4.47x	30.5x	32.1x	29.2x	2.8x
Other Outsourced Services									
Care Management/Third-Party Administrator	4	\$8,612	3.5%	(3.1%)	1.69x	14.6x	31.8x	16.5x	0.7x
Clinical Laboratories	9	65,051	(1.0%)	37.2%	3.57x	16.8x	22.9x	12.9x	1.0x
Contract Research Organizations	6	84,162	4.5%	20.0%	3.61x	21.7x	37.0x	27.8x	2.4x
Hospital Vendors	4	8,607	3.7%	12.4%	2.26x	12.2x	23.3x	26.5x	2.8x
Product									
Distribution	7	\$80,645	(1.1%)	33.8%	0.90x	12.5x	15.3x	14.1x	2.0x
Healthcare REITS	15	\$92,692	4.4%	(13.6%)	11.83x	18.2x	28.3x	36.4x	NM

Healthcare Services Sector Update

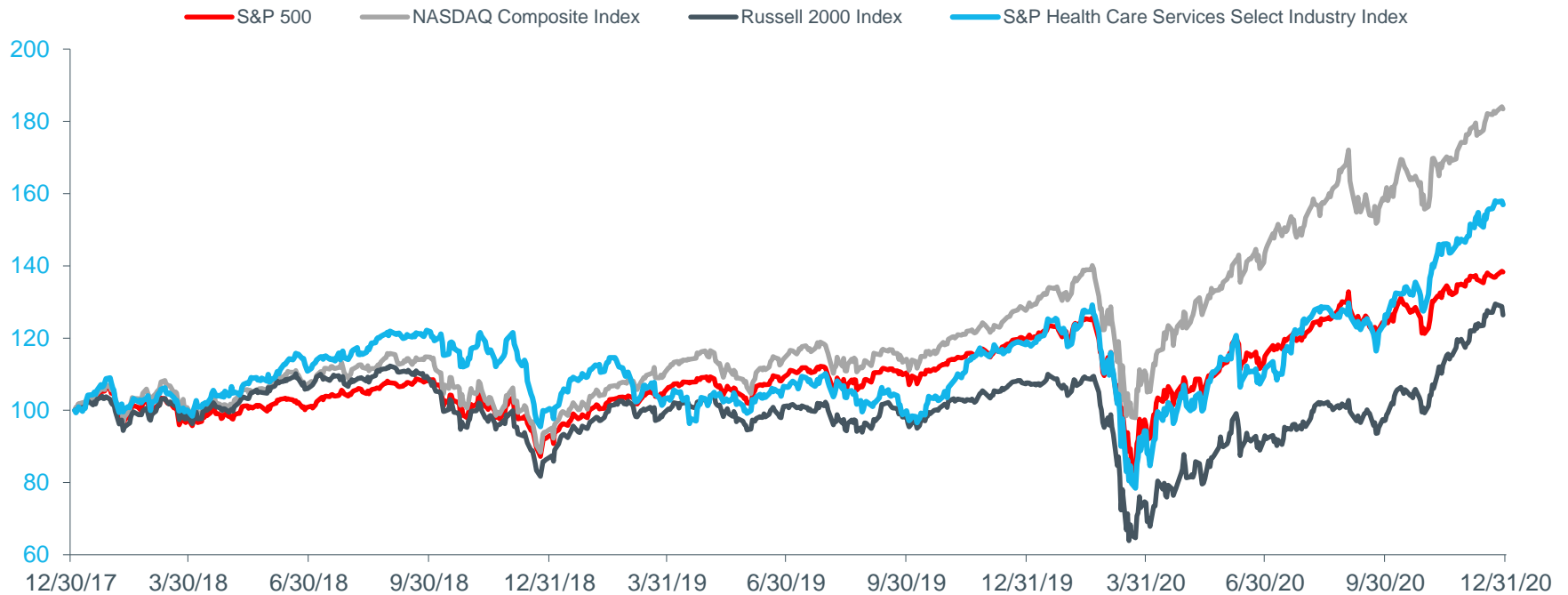
Market Indices	Value at 12/31/2020	% Change			
		1 mo	YTD	12 mo	36 mo
S&P 500	3,756.1	2.6%	16.3%	16.3%	40.5%
NASDAQ Composite Index	12,888.3	4.3%	43.6%	43.6%	86.7%
Russell 2000 Index	1,974.9	7.6%	18.4%	18.4%	28.6%
S&P Composite 1500 Health Care Facilities (Sub Ind)	421.4	8.4%	13.6%	13.6%	75.0%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,163.1	2.3%	12.4%	12.4%	39.8%
S&P Composite 1500 Managed Health Care (Sub Ind)	2,116.2	1.9%	14.9%	14.9%	50.3%
S&P Health Care Services Select Industry Index	14,761.3	7.3%	33.0%	33.0%	61.2%

Interest Rates	Value at 12/31/2020	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 6 months	0.26%	0.26%	0.25%	1.91%
U.S. Treasury - 2 years	0.13%	0.17%	0.14%	1.58%
U.S. Treasury - 5 years	0.36%	0.43%	0.28%	1.69%
U.S. Treasury - 10 years	0.91%	0.93%	0.68%	1.91%
U.S. Treasury - 30 years	1.64%	1.68%	1.46%	2.38%
U.S. Prime Rate	3.25%	3.25%	3.25%	4.75%

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	46	\$1,150,076	39.0%	90.6%	4.5%	22.5%	22.5%	79.6%
\$1 billion - \$5 billion	43	106,539	36.4%	8.4%	8.6%	42.9%	42.9%	94.3%
\$250 million - \$1 billion	20	11,890	16.9%	0.9%	7.1%	20.3%	20.3%	44.2%
\$100 million - \$250 million	4	754	3.4%	0.1%	9.5%	45.8%	45.8%	(7.5%)
< \$100 million	5	168	4.2%	0.0%	2.5%	(37.0%)	(37.0%)	(45.6%)
Total/Average (\$mn)	118	\$1,269,427	100.0%	100.0%	6.4%	18.9%	18.9%	33.0%

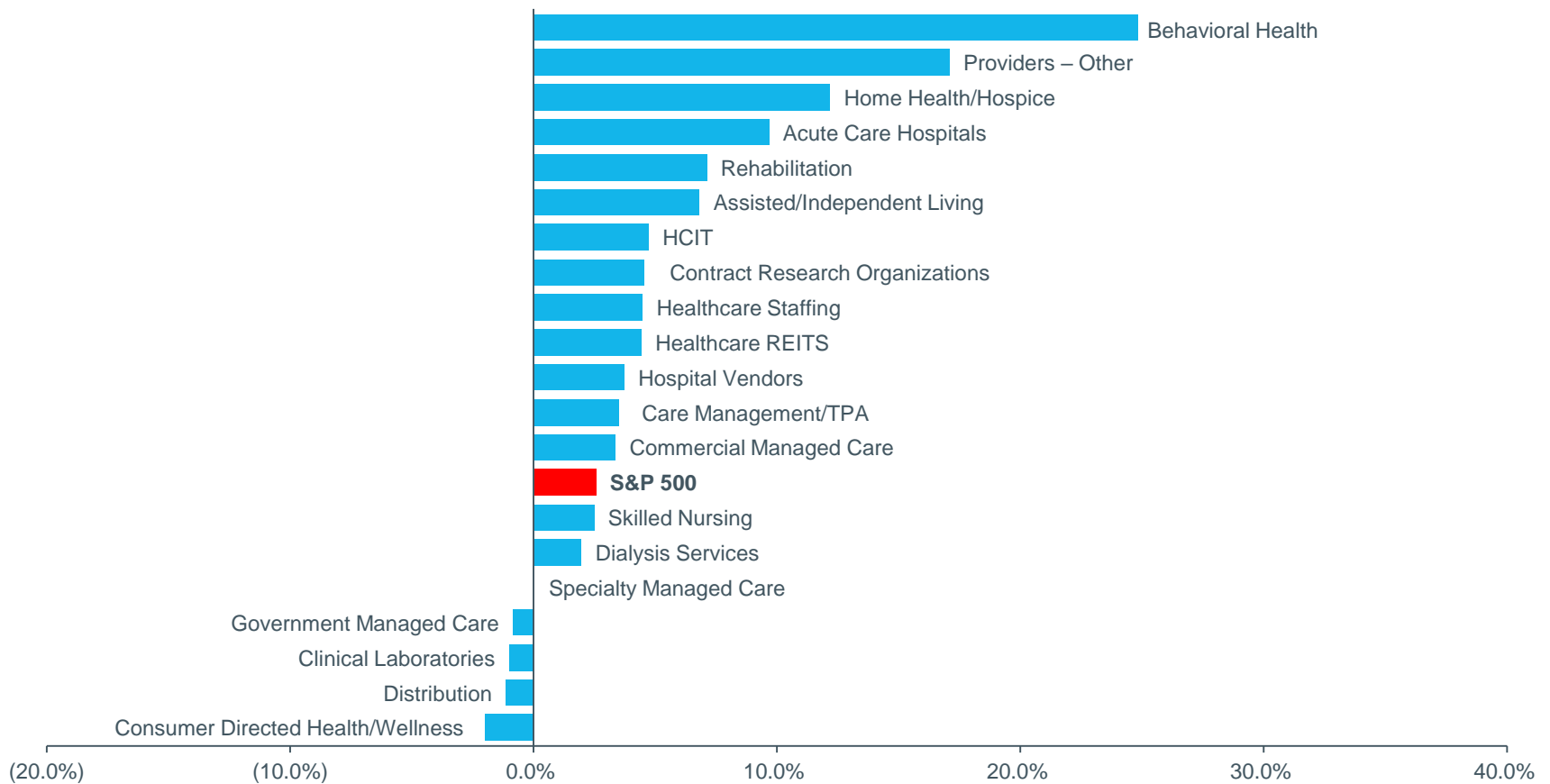
Healthcare Services Market Performance

Performance of Market Indices for Last 36 Months



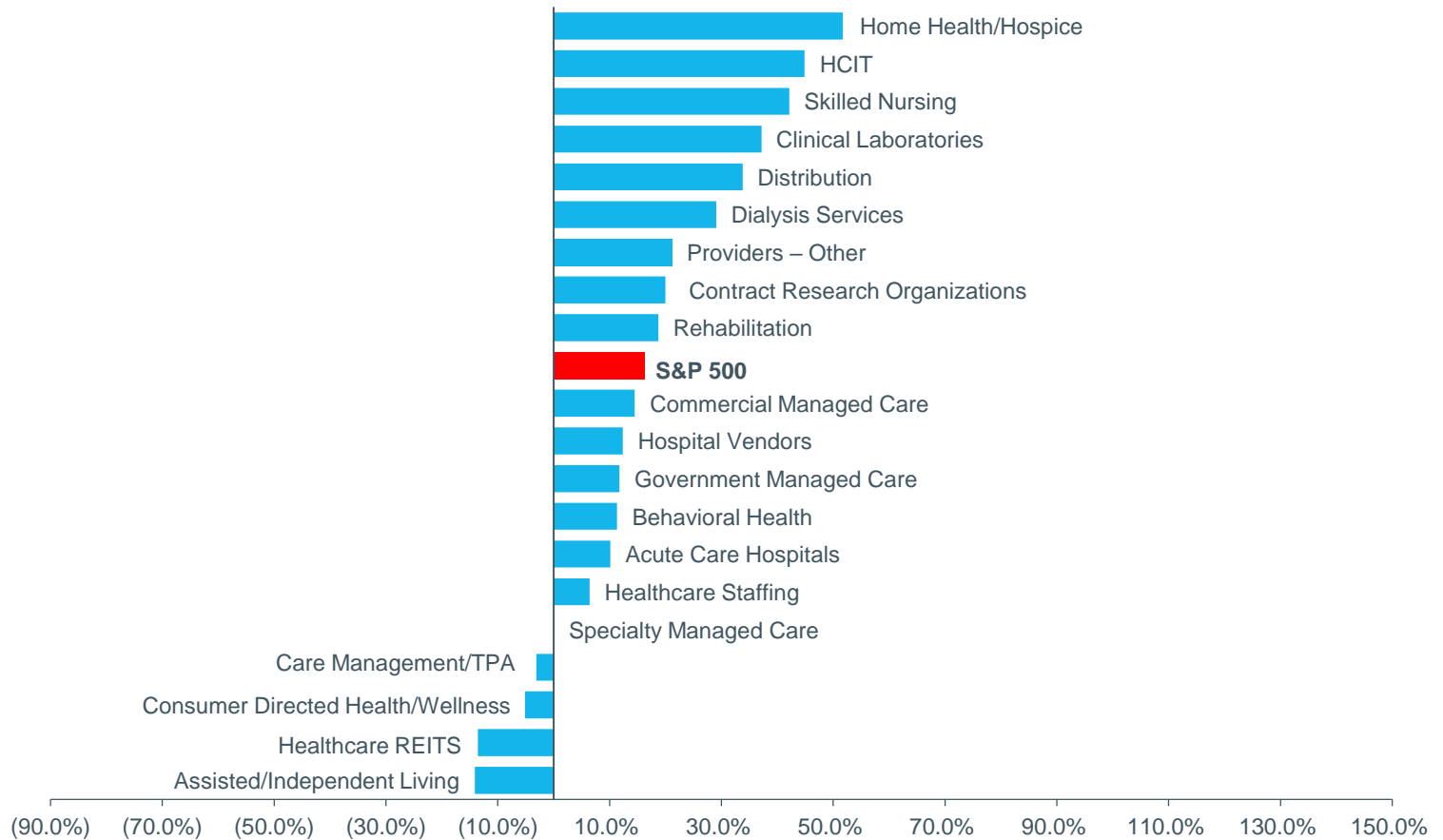
Healthcare Services Sector Change

1 Month % Change



Healthcare Services Sector Change

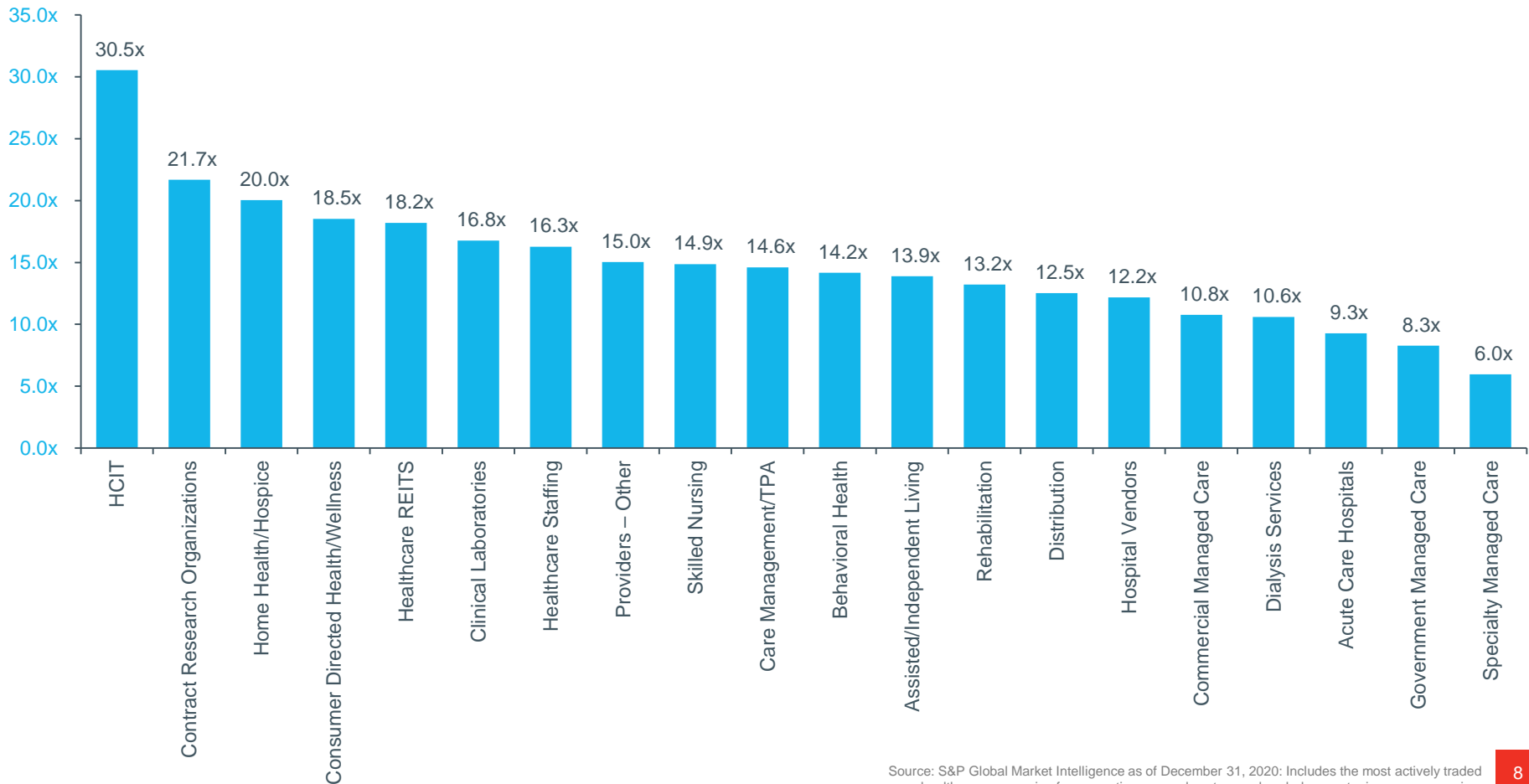
12 Month % Change



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

Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



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

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

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Appendix | Selected Companies

Acute Care Hospitals (4)

Community Health Systems, Inc. (NYSE:CYH), HCA Healthcare, Inc. (NYSE:HCA), Tenet Healthcare Corporation (NYSE:THC), Universal Health Services, Inc. (NYSE:UHS)

Assisted/Independent Living (3)

Brookdale Senior Living Inc. (NYSE:BKD), Capital Senior Living Corporation (NYSE:CSU), Five Star Senior Living Inc. (NasdaqCM:FVE)

Behavioral Health (3)

Acadia Healthcare Company, Inc. (NasdaqGS:ACHC), Magellan Health, Inc. (NasdaqGS:MGLN), Oak Street Health, Inc. (NYSE:OSH)

Dialysis Services (3)

American Renal Associates Holdings, Inc. (NYSE:ARA), DaVita Inc. (NYSE:DVA), Fresenius Medical Care AG & Co. KGaA (DB:FME)

Healthcare Staffing (2)

AMN Healthcare Services, Inc. (NYSE:AMN), Cross Country Healthcare, Inc. (NasdaqGS:CCRN)

Home Health/Hospice (7)

Addus HomeCare Corporation (NasdaqGS:ADUS), Amedisys, Inc. (NasdaqGS:AMED), Chemed Corporation (NYSE:CHE), LHC Group, Inc. (NasdaqGS:LHCG), ModivCare Inc. (NasdaqGS:MODV), Option Care Health, Inc. (NasdaqGS:OPCH), Pennant Group, Inc. (NasdaqGS:PNTG)

Rehabilitation (4)

Encompass Health Corporation (NYSE:EHC), The Joint Corp. (NasdaqCM:JYNT), Select Medical Holdings Corporation (NYSE:SEM), U.S. Physical Therapy, Inc. (NYSE:USPH)

Skilled Nursing (3)

Genesis Healthcare, Inc. (NYSE:GEN), National HealthCare Corporation (AMEX:NHC), The Ensign Group, Inc. (NasdaqGS:ENSG)

Providers – Other (4)

1Life Healthcare, Inc. (NasdaqGS:ONEM), MEDNAX, Inc. (NYSE:MD), RadNet, Inc. (NasdaqGM:RDNT), Surgery Partners, Inc. (NasdaqGS:SGRY)

Commercial Managed Care (5)

Anthem, Inc. (NYSE:ANTM), Cigna Corporation (NYSE:C), Humana Inc. (NYSE:HUM), Progyny, Inc. (NasdaqGS:PGNY), UnitedHealth Group Incorporated (NYSE:UNH)

Government Managed Care (2)

Centene Corporation (NYSE:CNC), Molina Healthcare, Inc. (NYSE:MOH)

Specialty Managed Care (2)

Assurant, Inc. (NYSE:AIZ), Triple-S Management Corporation (NYSE:GTS)

Appendix | Selected Companies

Consumer Directed Health and Wellness (5)

Benefitfocus, Inc. (NasdaqGM:BNFT), Castlight Health, Inc. (NYSE:CSLT), Fitbit, Inc. (NYSE:FIT), HealthEquity, Inc. (NasdaqGS:HQY), Tivity Health, Inc. (NasdaqGS:TVTY)

HCIT (26)

Accolade, Inc. (NasdaqGS:ACCD), Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX), American Well Corporation (NYSE:AMWL), Cerner Corporation (NasdaqGS:CERN), Certara, Inc. (NasdaqGS:CERT), Change Healthcare Inc. (NasdaqGS:CHNG), Computer Programs and Systems, Inc. (NasdaqGS:CPSI), Craneware plc (AIM:CRW), Evolent Health, Inc. (NYSE:EVH), GoodRx Holdings, Inc. (NasdaqGS:GDRX), Health Catalyst, Inc. (NasdaqGS:HCAT), HealthStream, Inc. (NasdaqGS:HSTM), HMS Holdings Corp. (NasdaqGS:HMSY), Inovalon Holdings, Inc. (NasdaqGS:INOV), Medica Group Plc (LSE:MGP), NantHealth, Inc. (NasdaqGS:NH), National Research Corporation (NasdaqGS:NRC), NextGen Healthcare, Inc. (NASDAQ:NXGN), Omnicell, Inc. (NasdaqGS:OMCL), OptimizeRx Corporation (NASDAQ:OPRX), Phreesia, Inc. (NYSE:PHR), Premier, Inc. (NasdaqGS:PINC), R1 RCM Inc. (NasdaqGS:RCM), Streamline Health Solutions, Inc. (NasdaqCM:STRM), Tabula Rasa HealthCare, Inc. (NasdaqGM:TRHC), Teladoc Health, Inc. (NYSE:TDOC)

Care Management/TPA (4)

CorVel Corporation (NasdaqGS:CRVL), Crawford & Company (NYSE:CRD.B), eHealth, Inc. (NasdaqGS:EHTH), Maximus, Inc. (NYSE:MMS)

Clinical Laboratories (9)

Biodesix, Inc. (NasdaqGM:BDSX), Fulgent Genetics, Inc. (NasdaqGM:FLGT), Invitae Corporation (NYSE:NVTA), Laboratory Corporation of America Holdings (NYSE:LH), Progenity, Inc. (NasdaqGM:PROG), Psychemedics Corporation (NasdaqCM:PMD), Quest Diagnostics Incorporated (NYSE:DGX), Sonic Healthcare Limited (ASX:SHL), Sotera Health Company (NasdaqGS:SHC)

Contract Research Organizations (6)

Charles River Laboratories International, Inc. (NYSE:CRL), ICON Public Limited Company (NasdaqGS:ICLR), Syneos Health, Inc. (NasdaqGS:SYNH), PPD (NasdaqGS:PPD), PRA Health Sciences, Inc. (NasdaqGS:PRAH), IQVIA Holdings Inc. (NYSE:IQV)

Hospital Vendors (4)

American Shared Hospital Services (AMEX:AMS), Healthcare Services Group, Inc. (NasdaqGS:HCSG), Sharps Compliance Corp. (NasdaqCM:SMED), Stericycle, Inc. (NasdaqGS:SRCL)

Distribution (7)

AdaptHealth Corp. (NasdaqCM:AHCO), AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health, Inc. (NYSE:CAH), Henry Schein, Inc. (NasdaqGS:HSIC), McKesson Corporation (NYSE:MCK), Owens & Minor, Inc. (NYSE:OMI), Patterson Companies, Inc. (NasdaqGS:PDCO)

Healthcare REITs (15)

CareTrust REIT, Inc. (NasdaqGS:CTRE), Community Healthcare Trust Incorporated (NYSE:CHCT), Healthcare Realty Trust Incorporated (NYSE:HR), Healthcare Trust of America, Inc. (NYSE:HTA), LTC Properties, Inc. (NYSE:LTC), Medical Properties Trust, Inc. (NYSE:MPW), National Health Investors, Inc. (NYSE:NHI), New Senior Investment Group Inc. (NYSE:SNR), Omega Healthcare Investors, Inc. (NYSE:OHI), Physicians Realty Trust (NYSE:DOC), Sabra Health Care REIT, Inc. (NasdaqGS:SBRA), Diversified Healthcare Trust (NasdaqGS:DHC), Universal Health Realty Income Trust (NYSE:UHT), Ventas, Inc. (NYSE:VTR), Welltower Inc. (NYSE:WELL)