

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

November 2020



# Q Highlights

The **S&P Healthcare Services** Index increased by 14.3% over the last month, compared to the S&P 500 Index, which increased 10.8% over the same period.

## Over the past month:

The sectors that experienced the most growth were Assisted/Independent Living (up 42.2%), Providers – Other (up 36.5%) and Consumer Directed Health/Wellness (up 30.8%).

The sector that experienced the largest decline was Home Health/Hospice (down 1.4%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.82x and 10.1x, 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
<b>Providers</b>									
Acute Care Hospitals	4	\$66,147	21.3%	7.4%	1.23x	9.0x	14.0x	11.3x	1.3x
Assisted/Independent Living	3	991	42.2%	(30.4%)	1.49x	13.6x	22.5x	4.4x	NM
Behavioral Health	3	17,162	4.7%	7.2%	0.36x	13.3x	30.9x	18.2x	1.4x
Dialysis Services	3	37,374	16.2%	27.7%	1.84x	10.4x	16.7x	14.8x	0.7x
Healthcare Staffing	2	3,391	0.9%	6.0%	1.10x	15.9x	34.8x	22.1x	1.9x
Home Health/Hospice	6	26,772	(1.4%)	45.0%	3.12x	19.4x	40.9x	31.8x	2.5x
Rehabilitation	4	12,977	27.6%	10.8%	3.53x	16.7x	30.2x	29.1x	4.2x
Skilled Nursing	3	4,868	17.4%	45.8%	1.25x	14.4x	30.3x	23.1x	1.5x
Providers – Other	4	3,871	36.5%	13.6%	4.50x	14.4x	NM	14.7x	NM
<b>Payors/Managed Care</b>									
Commercial Managed Care	5	\$528,238	12.2%	15.9%	2.64x	10.7x	15.7x	16.7x	1.4x
Government Managed Care	2	47,849	5.6%	14.3%	0.53x	8.2x	15.9x	14.2x	1.3x
Specialty Managed Care	2	1,172,395	0.0%	(0.0%)	0.44x	5.8x	14.4x	14.4x	NM
<b>Consumer Directed Health/Wellness</b>	<b>5</b>	<b>\$9,020</b>	<b>30.8%</b>	<b>5.1%</b>	<b>3.01x</b>	<b>20.0x</b>	<b>NM</b>	<b>42.4x</b>	<b>0.7x</b>
<b>HCIT</b>	<b>25</b>	<b>\$110,332</b>	<b>5.5%</b>	<b>43.4%</b>	<b>4.19x</b>	<b>30.3x</b>	<b>31.8x</b>	<b>27.3x</b>	<b>2.6x</b>
<b>Other Outsourced Services</b>									
Care Management/Third-Party Administrator	4	\$8,373	6.8%	(5.8%)	1.58x	13.9x	30.5x	16.9x	0.8x
Clinical Laboratories	9	65,979	4.6%	36.9%	3.10x	16.5x	22.3x	12.9x	1.1x
Contract Research Organizations	6	80,633	9.8%	19.7%	3.49x	21.0x	35.1x	26.7x	2.4x
Hospital Vendors	4	8,354	11.4%	9.4%	2.10x	11.3x	19.7x	24.9x	2.8x
Healthcare Consulting	1	950	16.4%	(34.3%)	1.37x	12.9x	NM	21.5x	NM
<b>Product</b>									
Distribution	7	\$81,595	14.2%	25.7%	0.76x	11.7x	23.8x	14.4x	2.9x
<b>Healthcare REITs</b>	<b>15</b>	<b>\$88,895</b>	<b>16.1%</b>	<b>(18.5%)</b>	<b>11.41x</b>	<b>17.7x</b>	<b>26.8x</b>	<b>39.8x</b>	<b>NM</b>

# Healthcare Services Sector Update

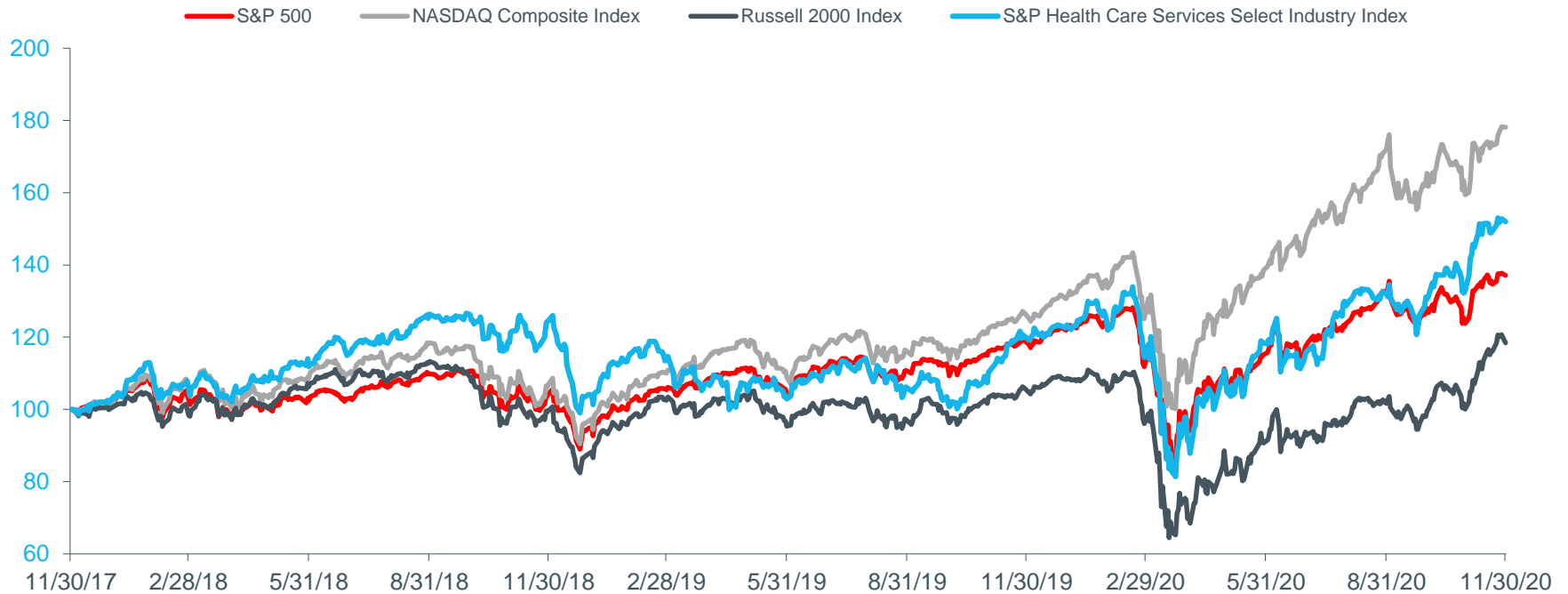
Market Indices	Value at	% Change			
	11/30/2020	1 mo	YTD	12 mo	36 mo
S&P 500	3,621.6	10.8%	12.1%	15.3%	36.8%
NASDAQ Composite Index	12,198.7	11.8%	36.0%	40.8%	77.5%
Russell 2000 Index	1,819.8	18.3%	9.1%	12.0%	17.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	386.5	22.3%	4.2%	9.8%	65.5%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,128.2	12.5%	9.0%	12.2%	35.1%
S&P Composite 1500 Managed Health Care (Sub Ind)	2,048.1	9.5%	11.2%	16.8%	40.9%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>13,670.0</b>	<b>14.3%</b>	<b>23.2%</b>	<b>26.6%</b>	<b>50.5%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	11/30/2020	ago	ago	ago
LIBOR - USD - 6 months	0.26%	0.24%	0.30%	1.90%
U.S. Treasury - 2 years	0.16%	0.14%	0.13%	1.61%
U.S. Treasury - 5 years	0.36%	0.38%	0.25%	1.63%
U.S. Treasury - 10 years	0.84%	0.86%	0.67%	1.78%
U.S. Treasury - 30 years	1.57%	1.64%	1.42%	2.20%
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	43	\$1,098,882	36.8%	90.4%	10.6%	19.0%	20.1%	72.4%
\$1 billion - \$5 billion	43	103,430	36.8%	8.5%	17.4%	30.8%	33.9%	81.6%
\$250 million - \$1 billion	21	12,889	17.9%	1.1%	22.3%	9.8%	5.3%	34.4%
\$100 million - \$250 million	5	882	4.3%	0.1%	21.2%	29.6%	20.4%	(20.6%)
< \$100 million	5	166	4.3%	0.0%	27.5%	(38.9%)	(38.2%)	(38.8%)
<b>Total/Average (\$mn)</b>	<b>117</b>	<b>\$1,216,250</b>	<b>100.0%</b>	<b>100.0%</b>	<b>19.8%</b>	<b>10.1%</b>	<b>8.3%</b>	<b>25.8%</b>

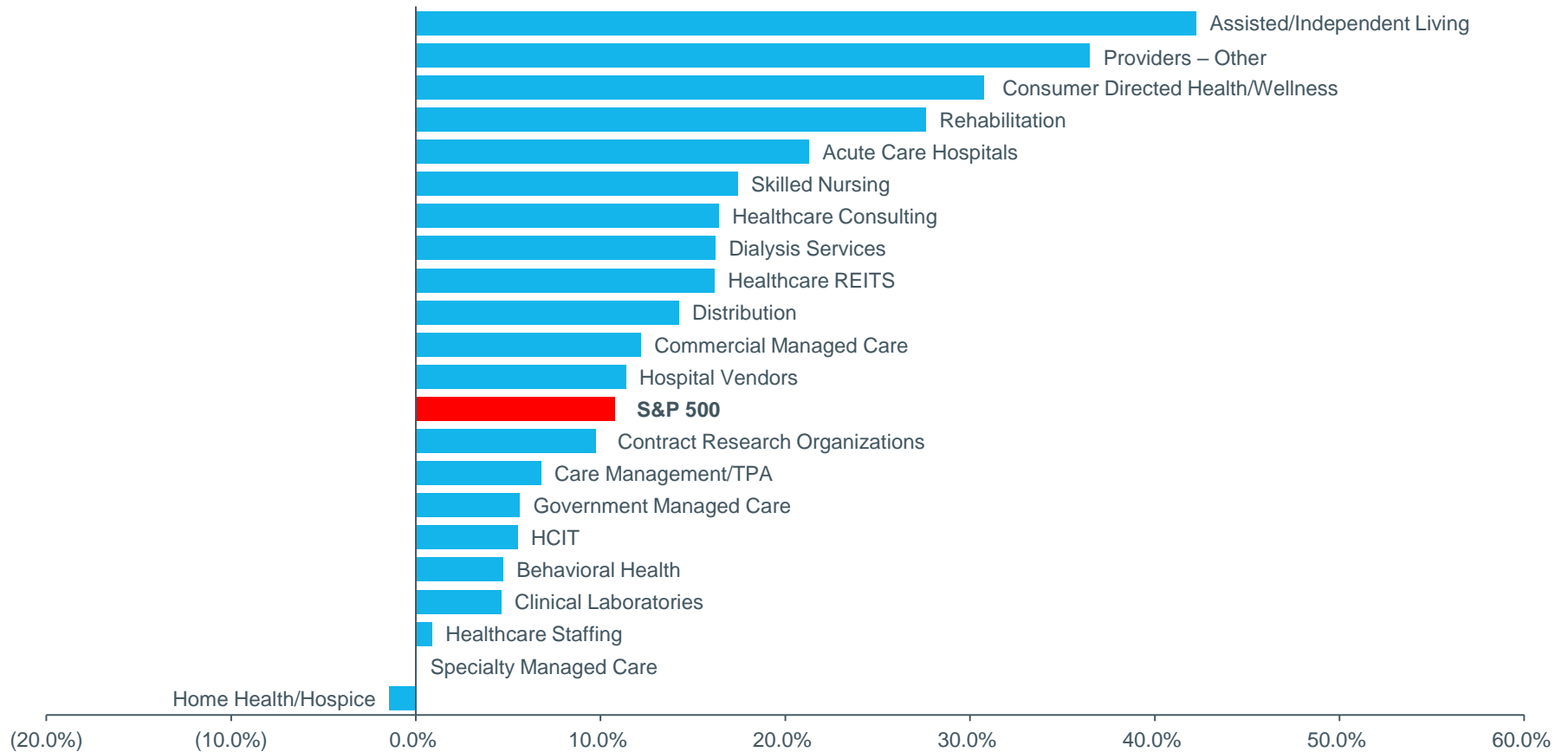
# Healthcare Services Market Performance

## Performance of Market Indices for Last 36 Months



# Healthcare Services Sector Change

1 Month % Change



# Healthcare Services Sector Change

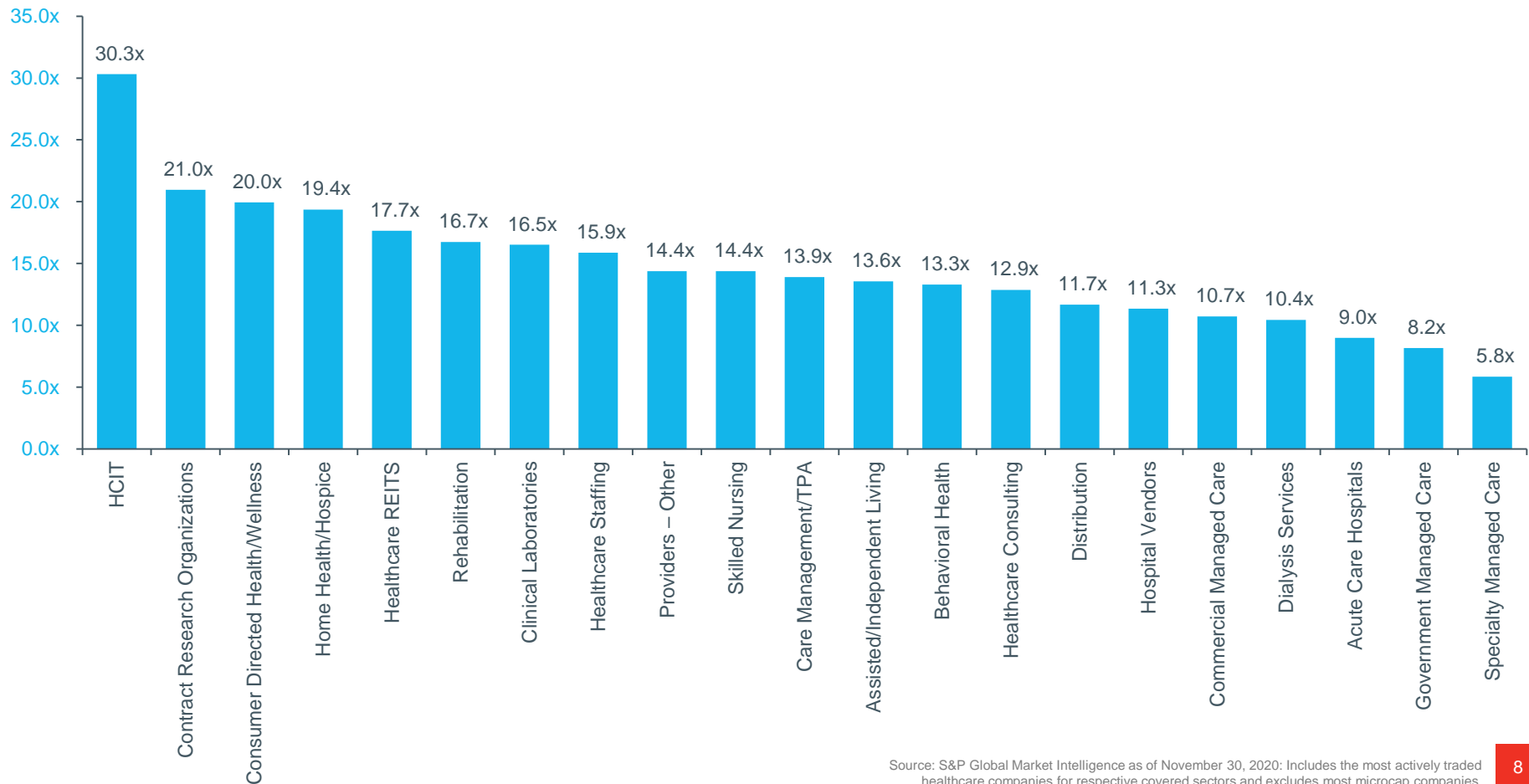
12 Month % Change



Source: S&P Global Market Intelligence as of November 30, 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 November 30, 2020: Includes the most actively traded healthcare companies for respective covered sectors and excludes most microcap companies.



# For the detailed November 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)

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## **Assisted/Independent Living (3)**

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

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## **Behavioral Health (3)**

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

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## **Dialysis Services (3)**

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

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## **Healthcare Staffing (2)**

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

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## **Home Health/Hospice (6)**

Addus HomeCare Corporation (NasdaqGS:ADUS), Amedisys, Inc. (NasdaqGS:AMED), Chemed Corporation (NYSE:CHE), LHC Group, Inc. (NasdaqGS:LHCG), Pennant Group, Inc. (NasdaqGS:PNTG), The Providence Service Corporation (NasdaqGS:PRSC)

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## **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)

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## **Skilled Nursing (3)**

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

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## **Providers – Other (4)**

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

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## **Commercial Managed Care (5)**

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

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## **Government Managed Care (2)**

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

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## **Specialty Managed Care (2)**

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

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# 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)

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## HCIT (25)

Accolade, Inc. (NasdaqGS:ACCD), Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX), American Well Corporation (NYSE:AMWL), Cerner Corporation (NasdaqGS:CERN), 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)

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## Care Management/TPA (4)

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

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## 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)

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## 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)

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## Hospital Vendors (4)

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

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## Healthcare Consulting (1)

Huron Consulting Group Inc. (NASDAQ:HURN)

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## 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)

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## 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)