

INDUSTRY INSIGHTS

Healthcare Services Sector Update

September 2019



Q Highlights

The **S&P Healthcare Services** Index declined 2.6% over the last month, as compared to the S&P 500, which increased 1.7% over the same period.

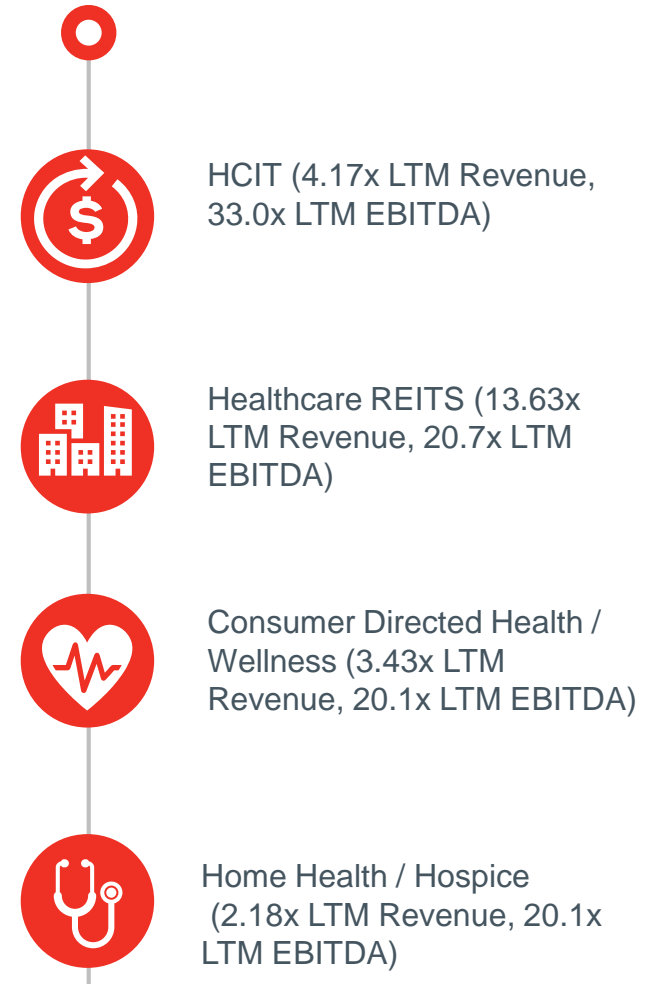
Over the past month:

The sectors experiencing the most growth were Hospital Vendors (up 11.8%), Behavioral Health (up 10.8%) and Providers - Other (up 7.2%).

The sectors experiencing the most decline were Pharmacy Management (down 15.7%), Government Managed Care (down 7.8%) and Assisted / Independent Living (down 7.1%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.34x and 14.8x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update

Market Sector	# of Co's	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2019E
			1 mo	12 mo	Rev	EBITDA	LTM	2019E	
Providers									
Acute Care Hospitals	4	\$56,922	1.2%	(6.8%)	1.36x	9.3x	14.3x	11.8x	1.1x
Assisted / Independent Living	3	1,563	(7.1%)	(25.8%)	1.98x	19.9x	NM	NM	NM
Behavioral Health	3	4,284	10.8%	(12.8%)	0.94x	13.7x	NM	19.1x	2.1x
Dialysis Services	3	28,588	0.9%	(30.9%)	1.63x	9.6x	17.4x	12.1x	0.6x
Healthcare Staffing	2	3,066	(1.2%)	6.8%	1.09x	19.6x	21.9x	18.9x	1.4x
Home Health / Hospice	5	16,418	(2.0%)	16.3%	2.18x	20.1x	36.8x	31.0x	2.2x
Rehabilitation	4	10,415	2.8%	(8.9%)	3.73x	11.3x	18.1x	25.7x	2.3x
Skilled Nursing	3	3,901	(2.7%)	18.5%	1.35x	15.5x	21.2x	21.1x	1.4x
Providers - Other	3	2,960	7.2%	(40.6%)	1.79x	11.9x	14.8x	22.3x	1.7x
Total / Average	30	\$128,116	1.1%	(9.4%)	1.78x	14.5x	20.7x	20.2x	1.6x
Payors / Managed Care									
Commercial Managed Care	4	\$359,227	(6.6%)	(19.3%)	0.83x	11.0x	14.7x	12.6x	0.9x
Government Managed Care	3	37,813	(7.8%)	(30.4%)	0.39x	7.7x	16.1x	12.6x	0.9x
Specialty Managed Care	2	8,014	0.8%	14.9%	0.54x	7.0x	15.1x	9.9x	NM
Total / Average	9	\$405,054	(6.6%)	(19.7%)	0.59x	8.6x	15.3x	11.7x	0.9x
Consumer Directed Health / Wellness	5	\$6,799	(0.9%)	(39.4%)	3.43x	20.1x	25.3x	27.1x	1.9x
HCIT	24	\$57,144	(1.2%)	2.2%	4.17x	33.0x	29.6x	32.1x	2.1x
Other Outsourced Services									
Care Management / TPA	5	\$8,760	(3.5%)	36.9%	1.54x	14.8x	23.7x	22.3x	1.3x
Clinical Laboratories	6	41,886	(0.2%)	0.8%	4.10x	11.5x	19.4x	18.0x	2.5x
Contract Research Orgs	5	55,429	(2.3%)	6.4%	2.92x	17.1x	31.4x	20.3x	1.6x
Hospital Vendors	4	6,523	11.8%	(20.3%)	1.64x	15.8x	23.2x	20.5x	2.2x
Healthcare Consulting	2	2,403	0.2%	22.8%	1.77x	16.0x	NM	25.5x	1.8x
Total / Average	22	\$115,001	(0.8%)	5.5%	2.39x	15.0x	24.5x	21.3x	1.9x
Product									
Distribution	6	\$67,681	2.2%	(8.7%)	0.32x	8.9x	20.9x	11.9x	1.4x
Pharmacy Management	1	371	(15.7%)	(74.8%)	0.18x	11.7x	NM	28.1x	1.1x
Total / Average	7	\$68,052	(6.7%)	(41.7%)	0.25x	10.3x	20.9x	20.0x	1.2x
Healthcare REITS	16	\$130,068	1.9%	29.6%	13.63x	20.7x	22.8x	48.6x	NM
Total / Average (\$MM)	113	\$910,234	(0.5%)	-7.4%	2.34x	14.8x	21.5x	21.5x	1.6x

Healthcare Services Sector Update

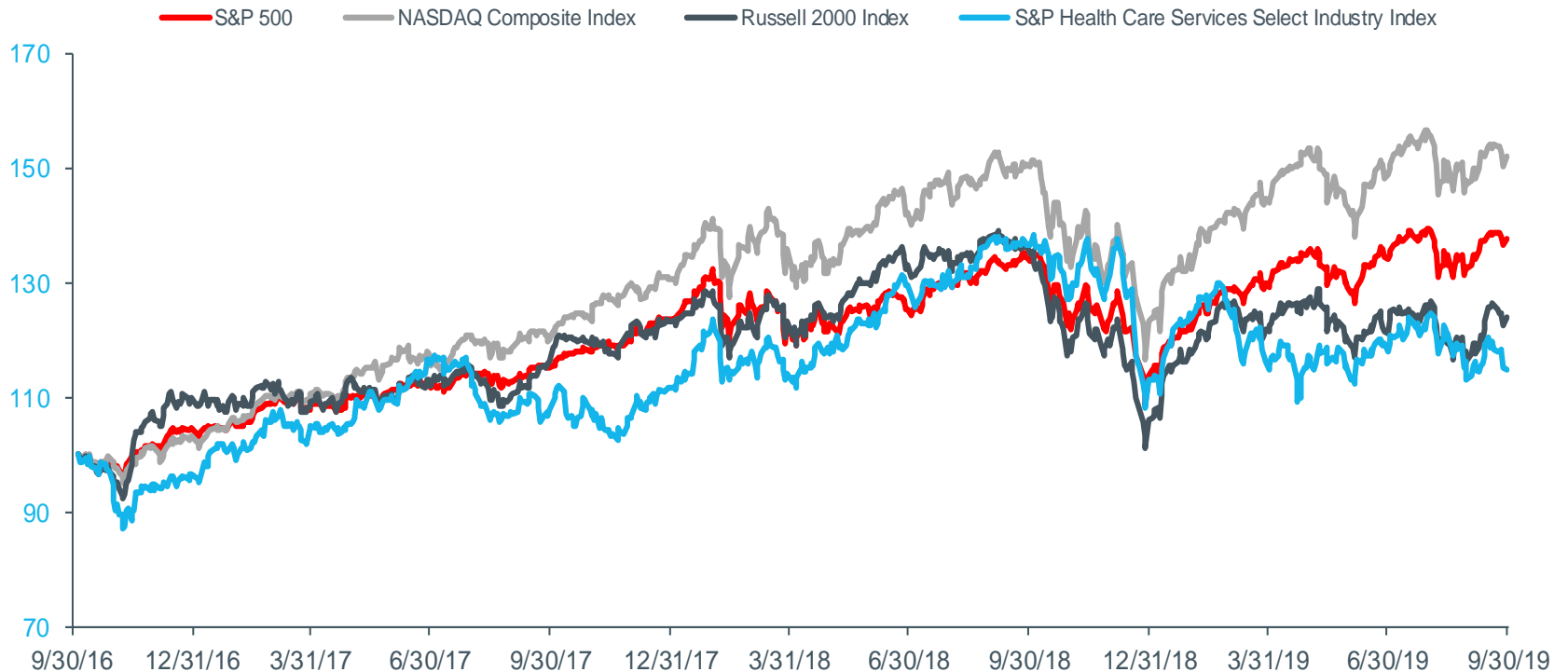
Market Indices	Value at	% Change			
	9/30/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,976.7	1.7%	18.7%	2.2%	37.3%
NASDAQ Composite Index	7,999.3	0.5%	20.6%	(0.6%)	50.6%
Russell 2000 Index	1,523.4	1.9%	13.0%	(10.2%)	21.7%
S&P Composite 1500 Health Care Facilities (Sub Ind)	316.9	1.7%	6.1%	(7.9%)	40.7%
S&P Composite 1500 Health Care Providers & Services (Industry)	824.5	(3.4%)	(6.4%)	(16.8%)	29.5%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,371.9	(7.6%)	(11.6%)	(19.8%)	53.7%
S&P Health Care Services Select Industry Index	9,313.2	(2.6%)	(0.6%)	(18.3%)	13.2%

Interest Rates	Value at	1 mo	3 mo	12 mo
	9/30/2019	ago	ago	ago
LIBOR - USD - 6 months	2.06%	2.04%	2.20%	2.60%
U.S. Treasury - 2 years	1.63%	1.50%	1.75%	2.81%
U.S. Treasury - 5 years	1.55%	1.40%	1.76%	2.94%
U.S. Treasury - 10 years	1.68%	1.51%	2.00%	3.06%
U.S. Treasury - 30 years	2.12%	1.97%	2.53%	3.20%
U.S. Prime Rate	5.00%	5.25%	5.50%	5.25%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	34	\$793,579	30.1%	87.2%	(0.7%)	13.8%	(0.7%)	36.0%
\$1 billion - \$5 billion	44	102,892	38.9%	11.3%	(2.0%)	16.5%	2.5%	68.2%
\$250 million - \$1 billion	21	12,251	18.6%	1.3%	6.1%	1.4%	(16.9%)	17.6%
\$100 million - \$250 million	7	1,238	6.2%	0.1%	(1.3%)	20.1%	(9.7%)	14.6%
< \$100 million	7	274	6.2%	0.0%	7.0%	(0.7%)	(36.9%)	(55.1%)
Total / Average (\$MM)	113	\$910,234	100.0%	100.0%	1.8%	10.2%	(12.3%)	16.3%

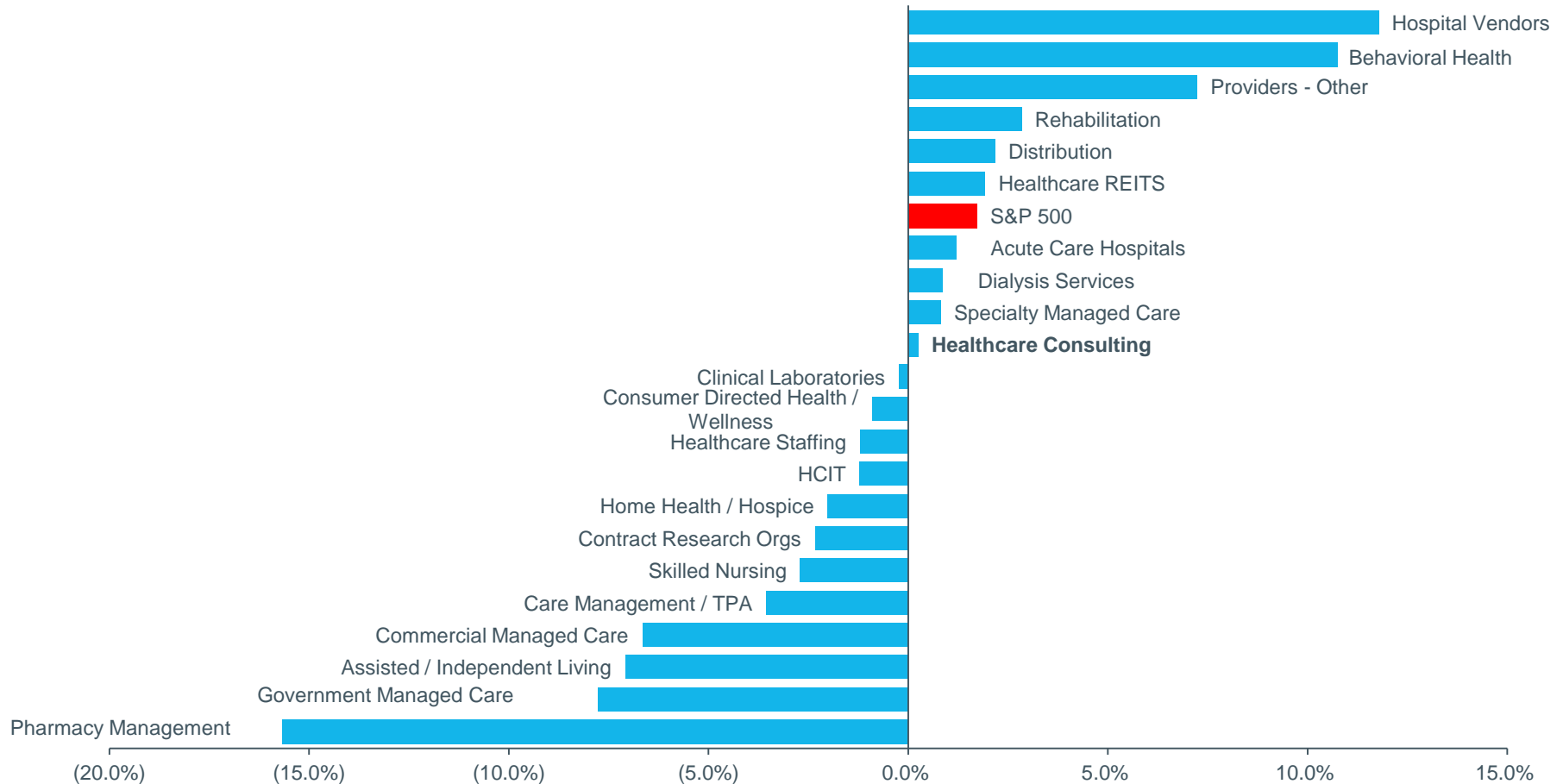
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



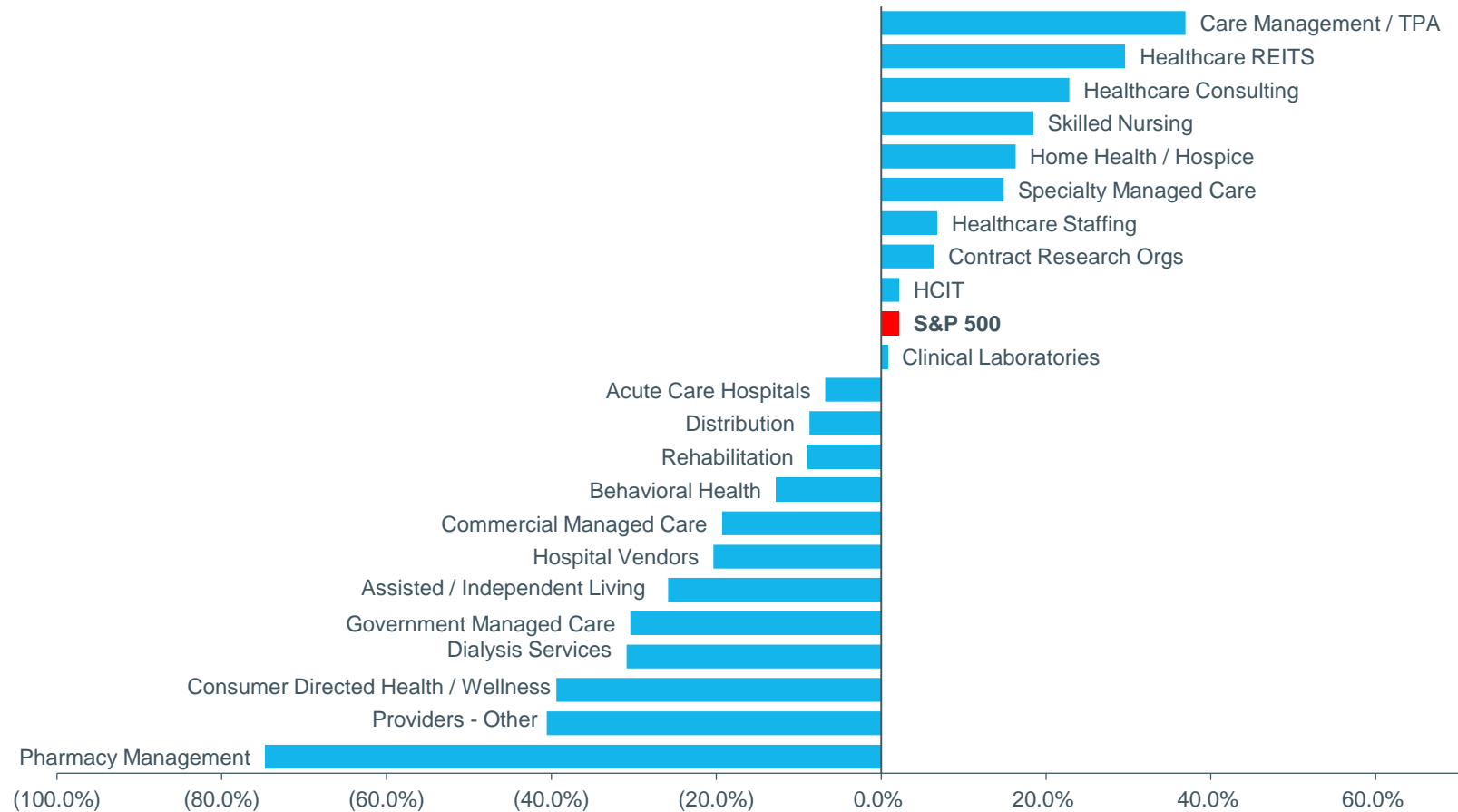
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

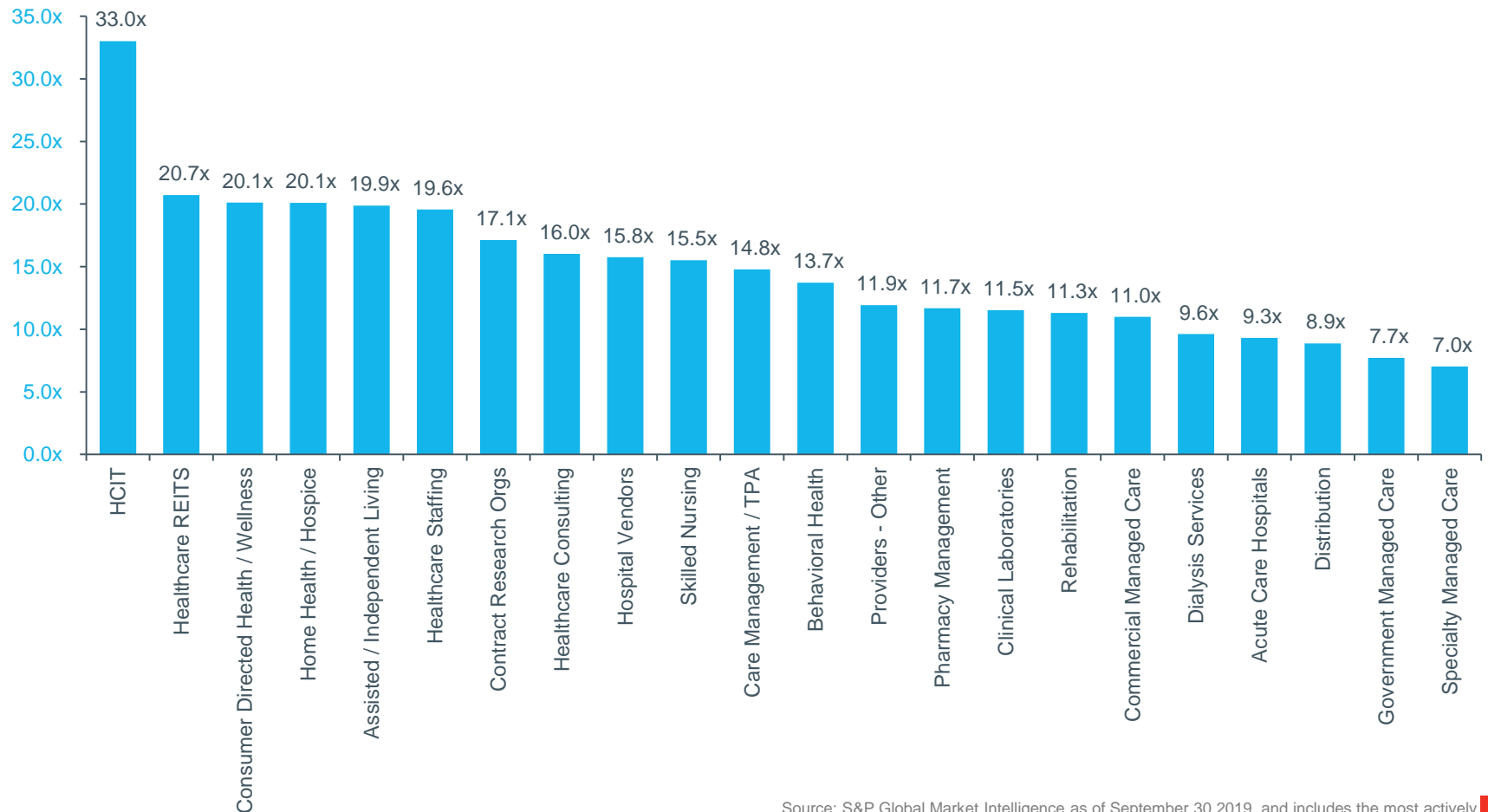
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of September 30 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



Source: S&P Global Market Intelligence as of September 30 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

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

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