

INDUSTRY INSIGHTS

Healthcare Services Sector Update

Spring 2020



Q Highlights

The **S&P Healthcare Services Index** decreased 16.5% over the last month, in line with the S&P 500 Index, which decreased 13.6% over the same period.

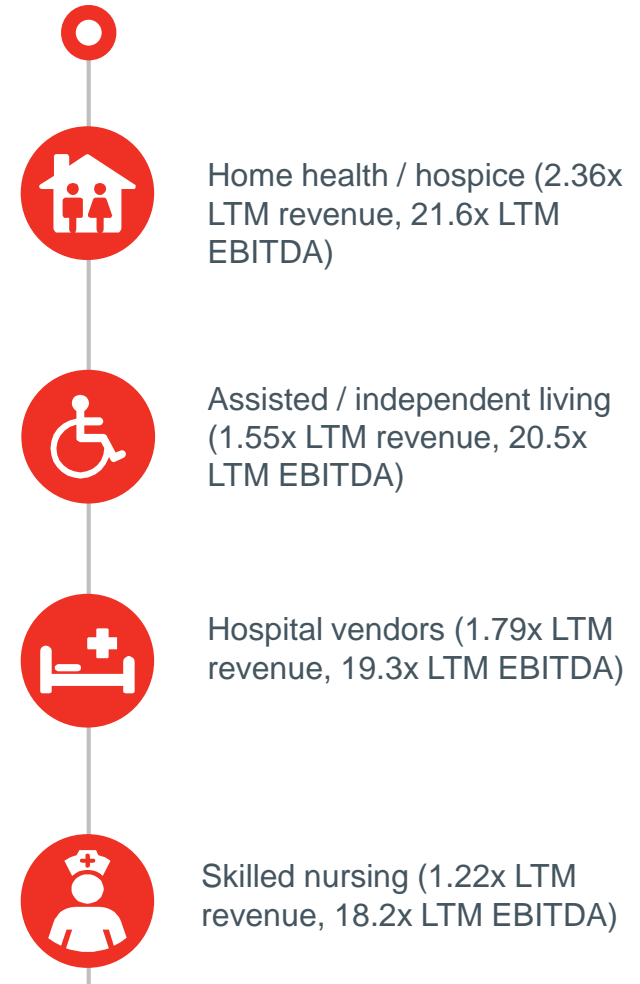
Over the past month:

The sector experiencing the most growth was HCIT (up 13.7%).

The sectors experiencing the largest declines were Healthcare staffing (down 23.2%), Hospital vendors (down 8.2%) and providers - other (down 6.6%).

The current average LTM revenue and LTM EBITDA multiples for the healthcare services industry overall are 2.45x and 13.9x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update .o

| Market Sector | # 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 | \$48,329 | 3.9% | (16.0%) | 1.20x | 8.1x | 11.1x | 9.7x | 0.8x |
| Assisted / Independent Living | 3 | 759 | (1.6%) | (51.7%) | 1.55x | 20.5x | NM | NM | NM |
| Behavioral Health | 2 | 3,299 | 4.4% | (21.8%) | 1.04x | 10.0x | 20.6x | 17.5x | 0.9x |
| Dialysis Services | 3 | 29,704 | 2.0% | (0.4%) | 1.70x | 9.7x | 16.6x | 12.6x | 0.9x |
| Healthcare Staffing | 2 | 2,904 | (23.2%) | 12.9% | 0.95x | 15.1x | 23.7x | 24.1x | 2.1x |
| Home Health/Hospice | 6 | 20,445 | 12.8% | 38.2% | 2.36x | 21.6x | 38.8x | 30.8x | 2.2x |
| Rehabilitation | 4 | 9,974 | (0.0%) | 6.2% | 2.38x | 12.5x | 28.0x | 24.0x | 2.3x |
| Skilled Nursing | 3 | 3,130 | 13.4% | (20.0%) | 1.22x | 18.2x | 15.6x | 13.9x | 0.9x |
| Providers - Other | 3 | 1,933 | (6.6%) | (39.7%) | 3.91x | 10.2x | 39.1x | 4.3x | 0.7x |
| Payors / Managed Care | | | | | | | | | |
| Commercial Managed Care | 5 | \$446,701 | 2.6% | 18.5% | 2.11x | 11.8x | 16.1x | 14.5x | 1.1x |
| Government Managed Care | 2 | 50,249 | 8.7% | 28.1% | 0.58x | 10.7x | 18.0x | 14.0x | 1.1x |
| Specialty Managed Care | 2 | 1,006,788 | (0.0%) | 0.0% | 2.18x | 10.2x | 19.5x | 11.6x | 1.0x |
| Consumer Directed Health / Wellness | 5 | \$5,786 | (4.3%) | (24.6%) | 2.49x | 16.5x | NM | 15.8x | 0.8x |
| HCIT | 23 | \$60,024 | 13.7% | 47.6% | 4.73x | 18.2x | 32.9x | 28.8x | 2.9x |
| Other Outsourced Services | | | | | | | | | |
| Care Management / Third-Party Administrator | 4 | \$8,283 | 2.1% | 19.2% | 1.56x | 13.9x | 27.3x | 18.8x | 1.8x |
| Clinical Laboratories | 6 | 35,259 | (6.5%) | (8.5%) | 3.64x | 9.8x | 17.9x | 22.9x | 2.4x |
| Contract Research Orgs | 6 | 57,170 | 1.9% | (5.7%) | 2.76x | 16.2x | 27.7x | 20.2x | 1.9x |
| Hospital Vendors | 4 | 6,106 | (8.2%) | (19.9%) | 1.79x | 19.3x | 19.6x | 33.1x | 2.2x |
| Healthcare Consulting | 1 | 1,027 | (5.5%) | (0.5%) | 1.48x | 13.2x | 25.5x | 16.9x | 1.3x |
| Product | | | | | | | | | |
| Distribution | 6 | \$67,230 | 1.1% | 10.2% | 0.57x | 9.5x | 23.2x | 13.9x | 2.0x |
| Healthcare REITS | 15 | \$71,027 | (2.8%) | (26.4%) | 11.33x | 17.0x | 26.0x | 33.4x | NM |

Healthcare Services Sector Update

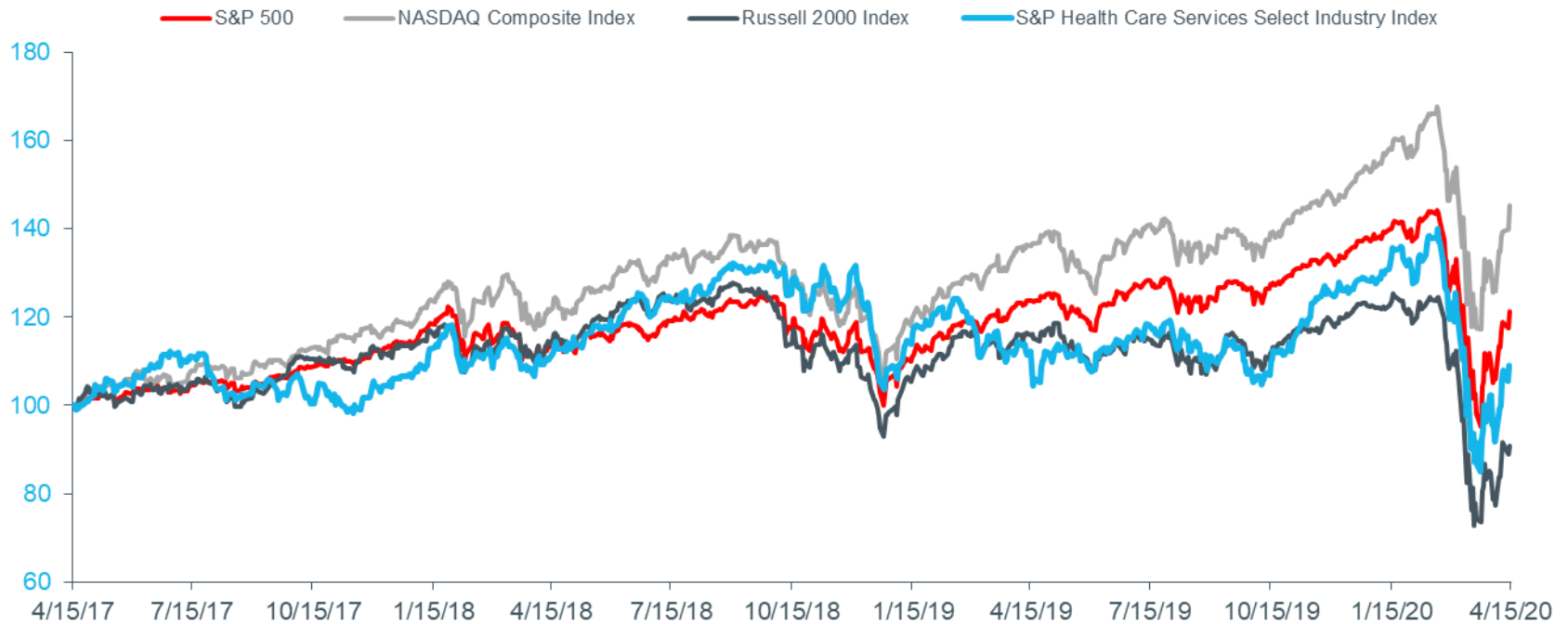
| Market Indices | Value at | % Change | | | |
|--|----------------|----------------|----------------|---------------|-------------|
| | 4/15/2020 | 1 mo | YTD | 12 mo | 36 mo |
| S&P 500 | 2,783.4 | (13.6%) | (13.8%) | (4.2%) | 19.5% |
| NASDAQ Composite Index | 8,393.2 | (6.2%) | (6.5%) | 5.2% | 44.6% |
| Russell 2000 Index | 1,184.0 | (28.9%) | (29.0%) | (25.0%) | (12.0%) |
| S&P Composite 1500 Health Care Facilities (Sub Ind) | 274.9 | (25.6%) | (25.9%) | (14.0%) | 12.3% |
| S&P Composite 1500 Health Care Providers & Services (Industry) | 938.0 | (9.2%) | (9.4%) | 11.8% | 34.3% |
| S&P Composite 1500 Managed Health Care (Sub Ind) | 1,747.0 | (5.4%) | (5.2%) | 18.7% | 66.2% |
| S&P Health Care Services Select Industry Index | 9,208.1 | (16.5%) | (17.0%) | (4.7%) | 7.2% |

| Interest Rates | Value at | 1 mo | 3 mo | 12 mo |
|--------------------------|-----------|-------|-------|-------|
| | 4/15/2020 | ago | ago | ago |
| LIBOR - USD - 6 months | 1.16% | 1.91% | 1.92% | 2.81% |
| U.S. Treasury - 2 years | 0.20% | 1.58% | 1.61% | 2.52% |
| U.S. Treasury - 5 years | 0.34% | 1.67% | 1.65% | 2.51% |
| U.S. Treasury - 10 years | 0.64% | 1.90% | 1.80% | 2.70% |
| U.S. Treasury - 30 years | 1.28% | 2.34% | 2.28% | 3.05% |
| U.S. Prime Rate | 3.25% | 4.75% | 5.00% | 5.50% |

| 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 | 33 | \$833,747 | 29.7% | 88.9% | 2.5% | (7.9%) | 9.6% | 54.1% |
| \$1 billion - \$5 billion | 38 | 88,008 | 34.2% | 9.4% | 2.1% | (18.5%) | (8.3%) | 56.7% |
| \$250 million - \$1 billion | 25 | 14,755 | 22.5% | 1.6% | 6.2% | (26.4%) | (23.5%) | (20.5%) |
| \$100 million - \$250 million | 9 | 1,568 | 8.1% | 0.2% | 1.7% | (6.8%) | 5.7% | 23.7% |
| < \$100 million | 6 | 280 | 5.4% | 0.0% | (5.7%) | (48.3%) | (53.9%) | (69.5%) |
| Total / Average (\$MM) | 111 | \$938,358 | 100.0% | 100.0% | 1.4% | (21.6%) | (14.1%) | 8.9% |

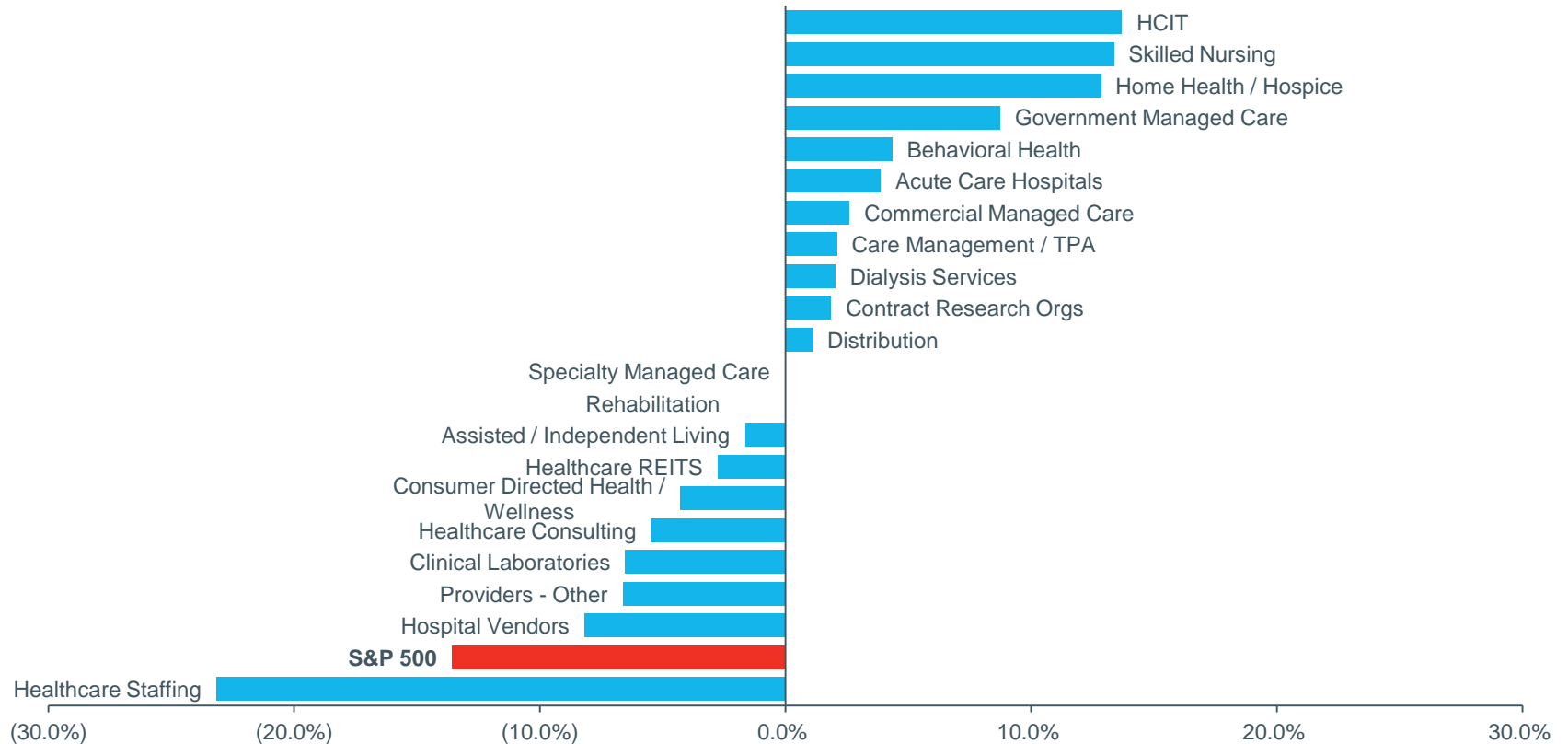
Healthcare Services Market Performance

Performance of Market Indices for Last 36 Months



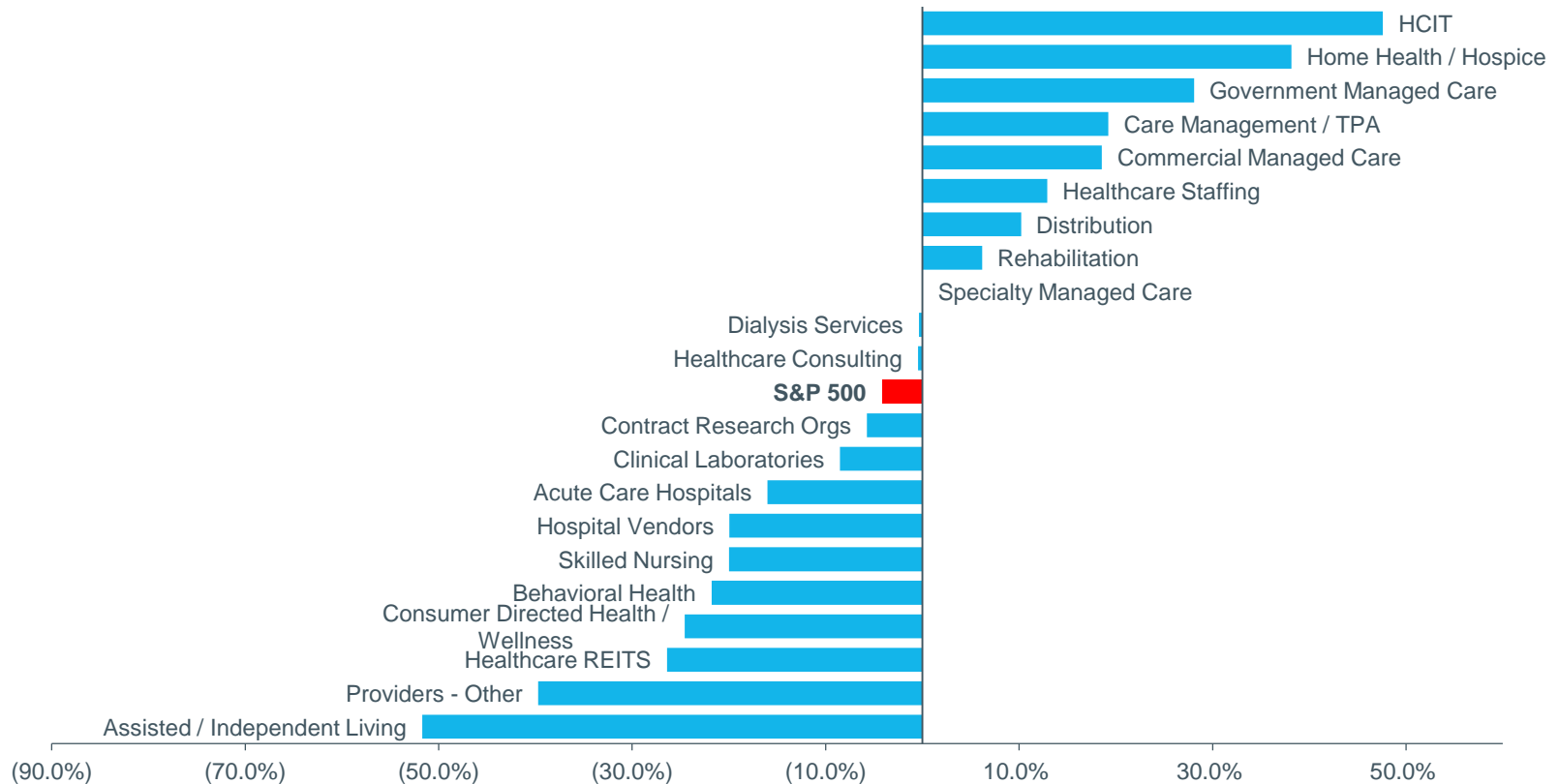
Healthcare Services Sector Change

Average % - 1 Month Change



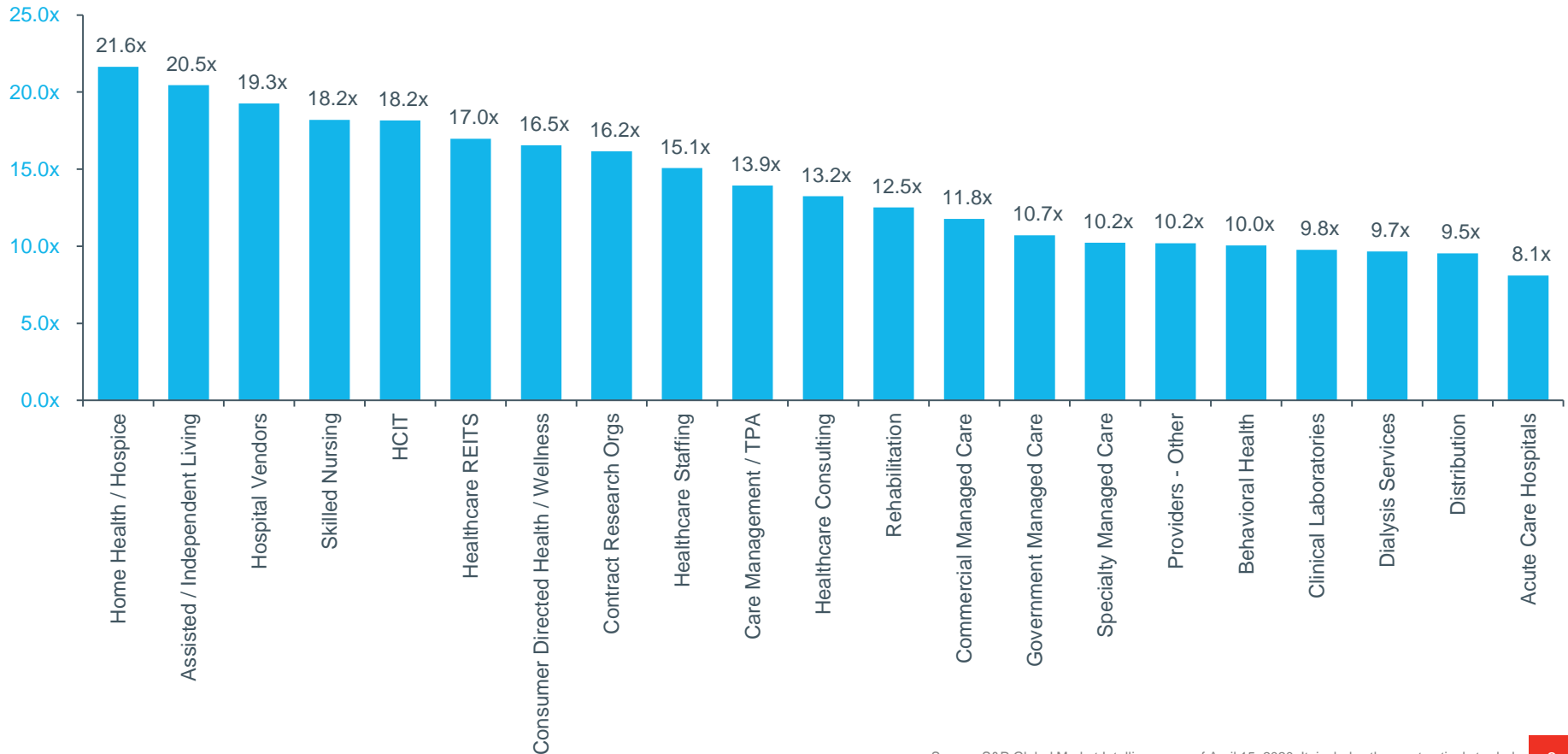
Healthcare Services Sector Change

Average % - 12 Month Change



Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



For the detailed Spring 2020 trading multiples for individual healthcare services companies, please contact one of our professionals below.

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