

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

MAY 2019

# Q Highlights

The **S&P Healthcare Services** Index declined 3.0% over the last month, as compared to the S&P 500, which declined 6.6% over the same period.

## Over the past month:

The sectors experiencing the most growth were Government Managed Care (up 10.1%), Specialty Managed Care (up 5.4%) and Healthcare REITs (up 5.3%).

The sectors experiencing the most decline were Hospital Vendors (down 15.5%), Dialysis Services (15.1%) and Providers – Other (10.8%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.27x and 15.1x, 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
			1 mo	12 mo	Rev	EBITDA	LTM	2019E	2019E
<b>Providers</b>									
Acute Care Hospitals	4	\$54,543	(5.3%)	12.1%	1.30x	8.8x	12.8x	10.7x	0.9x
Assisted / Independent Living	3	1,308	(0.1%)	(26.1%)	2.12x	18.5x	NM	NM	NM
Behavioral Health	3	4,468	(1.8%)	(23.0%)	0.86x	14.0x	NM	21.0x	1.9x
Dialysis Services	3	29,932	(15.1%)	(26.9%)	1.72x	9.3x	13.3x	12.7x	(0.3x)
Healthcare Staffing	2	2,520	(6.1%)	(17.1%)	0.87x	13.9x	17.6x	16.6x	1.2x
Home Health / Hospice	5	14,119	(2.6%)	24.8%	1.89x	20.0x	34.2x	27.0x	2.0x
Rehabilitation	4	9,373	(6.6%)	(4.3%)	3.43x	14.7x	16.1x	22.4x	1.8x
Skilled Nursing	4	4,183	2.8%	34.2%	1.25x	15.1x	22.3x	23.6x	1.6x
Providers - Other	3	3,130	(10.8%)	(38.4%)	1.79x	12.0x	12.8x	17.8x	1.8x
<b>Total / Average</b>	<b>31</b>	<b>\$123,577</b>	<b>(5.1%)</b>	<b>(7.2%)</b>	<b>1.69x</b>	<b>14.0x</b>	<b>18.4x</b>	<b>19.0x</b>	<b>1.4x</b>
<b>Payors / Managed Care</b>									
Commercial Managed Care	4	\$390,520	1.9%	1.6%	0.97x	12.5x	17.5x	13.4x	1.0x
Government Managed Care	3	46,671	10.1%	19.5%	0.47x	9.2x	20.5x	15.3x	1.1x
Specialty Managed Care	2	6,706	5.4%	3.7%	0.56x	11.8x	21.1x	11.3x	1.1x
<b>Total / Average</b>	<b>9</b>	<b>\$443,897</b>	<b>2.8%</b>	<b>3.5%</b>	<b>0.67x</b>	<b>11.2x</b>	<b>19.7x</b>	<b>13.4x</b>	<b>1.0x</b>
<b>Consumer Directed Health / Wellness</b>	<b>6</b>	<b>\$9,539</b>	<b>(7.5%)</b>	<b>(12.2%)</b>	<b>4.14x</b>	<b>20.9x</b>	<b>9.7x</b>	<b>30.8x</b>	<b>1.6x</b>
<b>HCIT</b>	<b>20</b>	<b>\$52,599</b>	<b>3.6%</b>	<b>20.7%</b>	<b>4.03x</b>	<b>32.8x</b>	<b>35.5x</b>	<b>37.0x</b>	<b>2.4x</b>
<b>Other Outsourced Services</b>									
Care Management / TPA	5	\$8,432	0.7%	59.1%	1.62x	17.0x	20.6x	24.3x	1.7x
Clinical Laboratories	6	39,269	(0.1%)	0.6%	3.44x	11.2x	18.8x	17.0x	2.5x
Contract Research Orgs	5	50,525	(4.1%)	23.2%	2.74x	16.0x	28.9x	18.4x	1.5x
Hospital Vendors	4	6,632	(15.5%)	(21.7%)	1.62x	17.0x	22.2x	23.4x	1.5x
Healthcare Consulting	2	1,933	(0.6%)	7.6%	1.53x	14.5x	46.0x	22.1x	1.6x
<b>Total / Average</b>	<b>22</b>	<b>\$106,792</b>	<b>(2.9%)</b>	<b>14.6%</b>	<b>2.19x</b>	<b>15.1x</b>	<b>27.3x</b>	<b>21.0x</b>	<b>1.8x</b>
<b>Product</b>									
Distribution	6	\$63,849	(0.8%)	(11.4%)	0.33x	9.0x	20.6x	10.9x	1.2x
Pharmacy Management	2	612	(6.3%)	(54.9%)	0.71x	15.4x	NM	12.9x	0.5x
<b>Total / Average</b>	<b>8</b>	<b>\$64,461</b>	<b>(3.6%)</b>	<b>(33.2%)</b>	<b>0.52x</b>	<b>12.2x</b>	<b>20.6x</b>	<b>11.9x</b>	<b>0.9x</b>
<b>Healthcare REITS</b>	<b>16</b>	<b>\$114,396</b>	<b>5.3%</b>	<b>25.2%</b>	<b>12.52x</b>	<b>18.6x</b>	<b>21.4x</b>	<b>45.5x</b>	<b>NM</b>
<b>Total / Average (\$MM)</b>	<b>112</b>	<b>\$915,261</b>	<b>(2.4%)</b>	<b>-0.2%</b>	<b>2.27x</b>	<b>15.1x</b>	<b>21.7x</b>	<b>20.7x</b>	<b>1.4x</b>

# Healthcare Services Sector Update ..

Market Indices	Value at	% Change			
	5/31/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,752.1	(6.6%)	9.8%	1.7%	31.2%
NASDAQ Composite Index	7,453.2	(7.9%)	12.3%	0.1%	50.6%
Russell 2000 Index	1,465.5	(7.9%)	8.7%	(10.3%)	26.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	301.1	(5.0%)	0.9%	5.8%	26.8%
S&P Composite 1500 Health Care Providers & Services (Industry)	840.8	0.1%	(4.5%)	(2.1%)	31.3%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,534.9	4.0%	(1.1%)	4.1%	77.0%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>9,257.8</b>	<b>(3.0%)</b>	<b>(1.2%)</b>	<b>(8.0%)</b>	<b>8.1%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	5/31/2019	ago	ago	ago
LIBOR - USD - 6 months	2.52%	2.62%	2.69%	2.47%
U.S. Treasury - 2 years	1.95%	2.27%	2.52%	2.42%
U.S. Treasury - 5 years	1.94%	2.28%	2.51%	2.68%
U.S. Treasury - 10 years	2.14%	2.51%	2.71%	2.84%
U.S. Treasury - 30 years	2.58%	2.94%	3.09%	3.02%
U.S. Prime Rate	5.50%	5.50%	5.50%	4.75%

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	\$801,674	29.5%	87.6%	(0.3%)	7.5%	7.5%	41.2%
\$1 billion - \$5 billion	42	99,205	37.5%	10.8%	(0.7%)	14.5%	18.0%	65.6%
\$250 million - \$1 billion	21	12,741	18.8%	1.4%	(7.6%)	(4.3%)	(20.5%)	12.8%
\$100 million - \$250 million	8	1,352	7.1%	0.1%	(3.1%)	12.0%	2.4%	82.7%
< \$100 million	8	289	7.1%	0.0%	(5.7%)	11.5%	(42.8%)	(30.8%)
<b>Total / Average (\$MM)</b>	<b>112</b>	<b>\$915,261</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(3.5%)</b>	<b>8.2%</b>	<b>(7.1%)</b>	<b>34.3%</b>

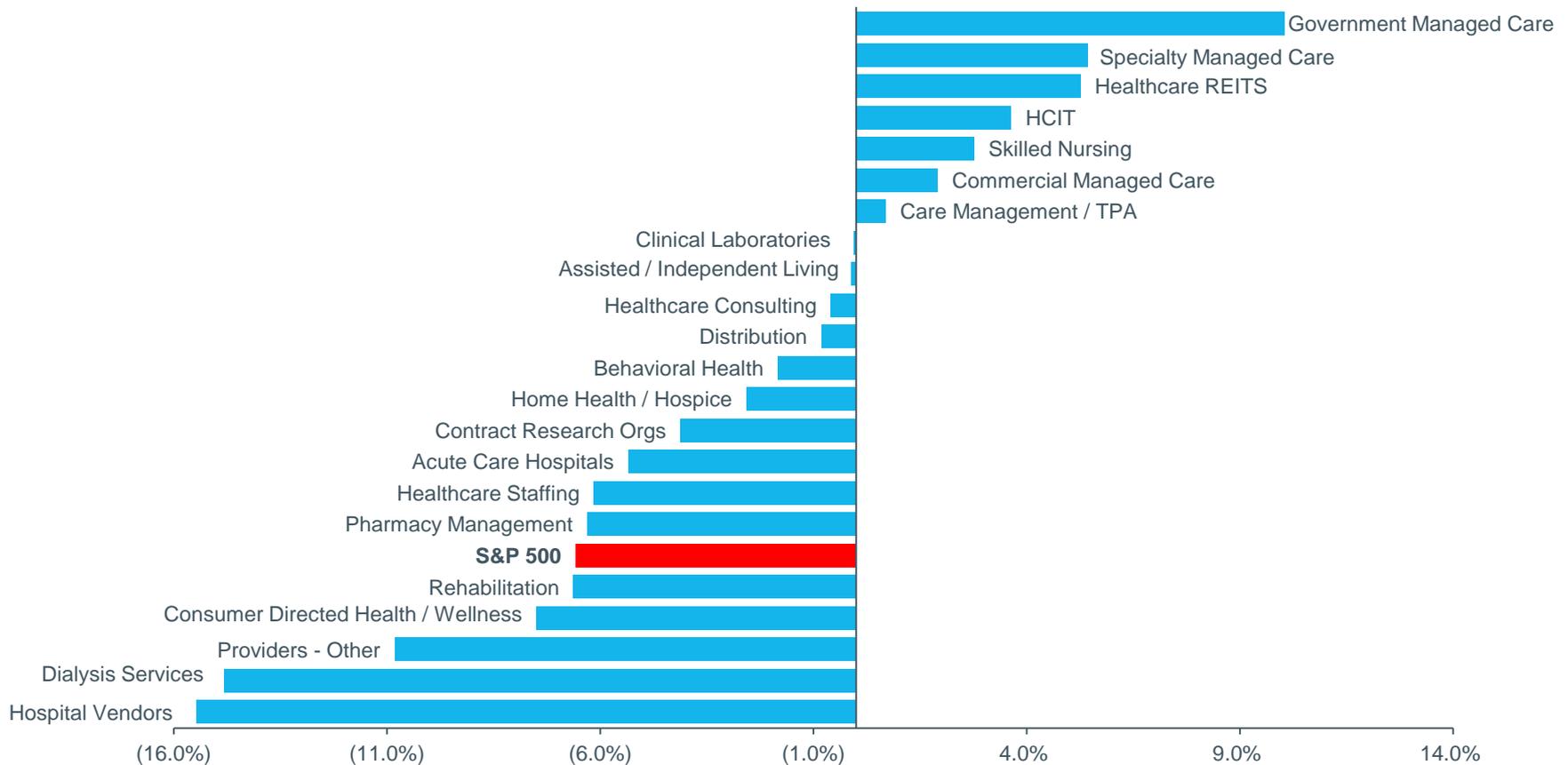
# Healthcare Services Market Performance

## Performance of Market Indices for Latest 36 Months



# Healthcare Services Sector Change

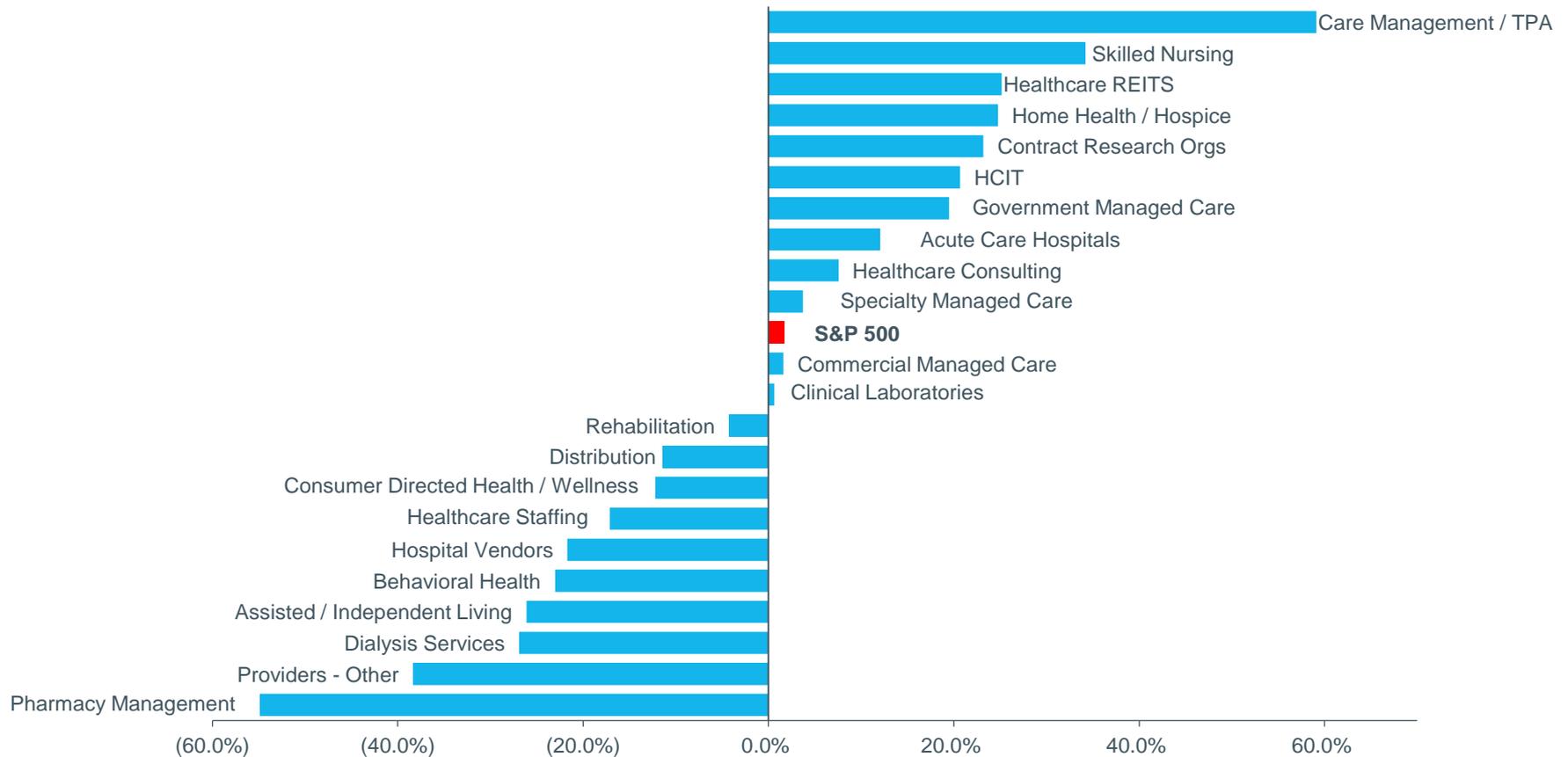
Average % - 1 Month Change



Source: S&P Global Market Intelligence as of May 31 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

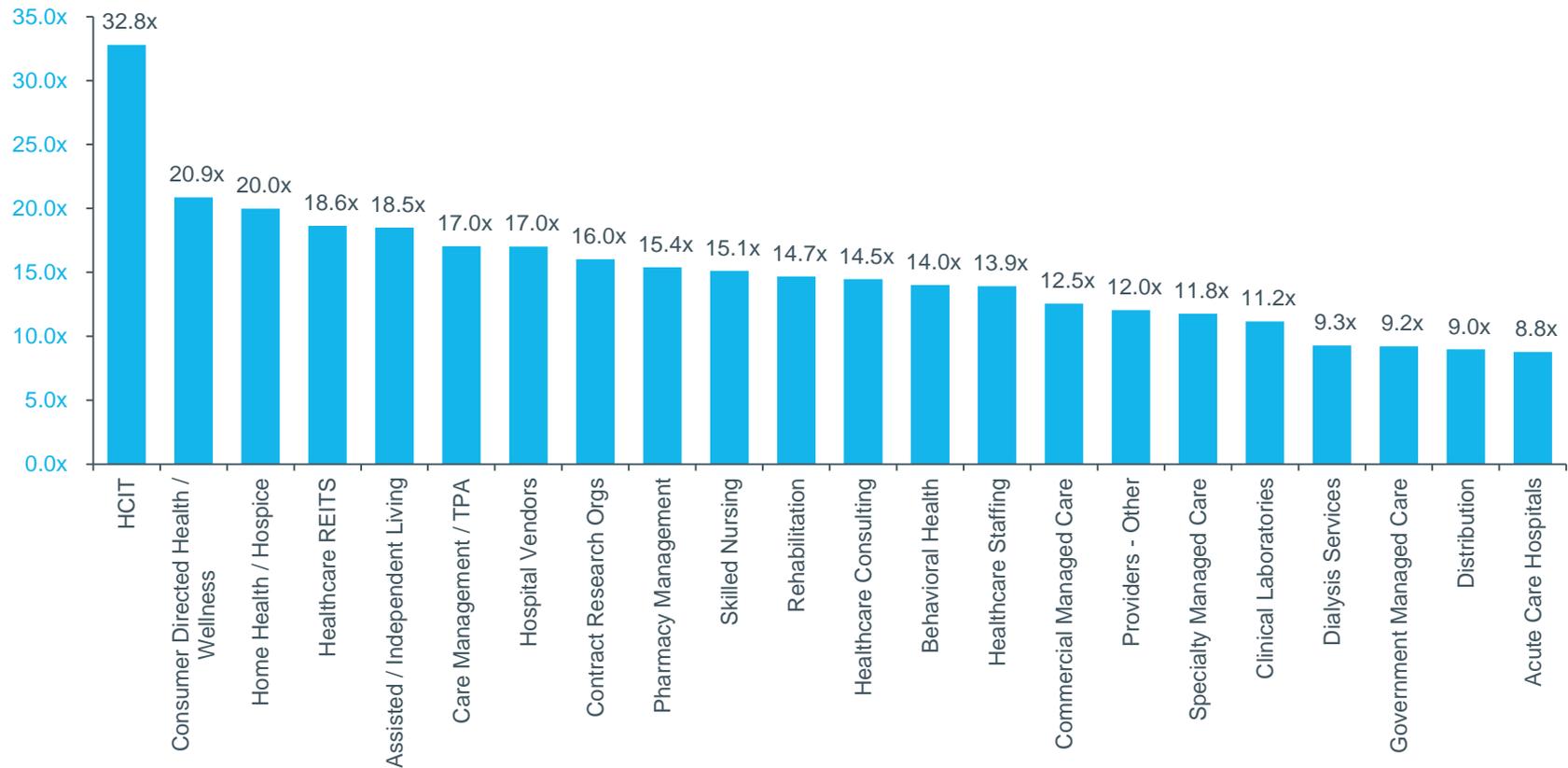
# Healthcare Services Sector Change

Average % - 12 Month Change



# Healthcare Services Multiples

## Overview of Subsector EV/LTM EBITDA



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

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