

INDUSTRY INSIGHTS:

Healthcare Services Sector Update

November 2017



Q Highlights

The **S&P Healthcare Services** Index increased 2.9% over the last month, which was in line with the S&P 500, which increased 2.8% over the same period.

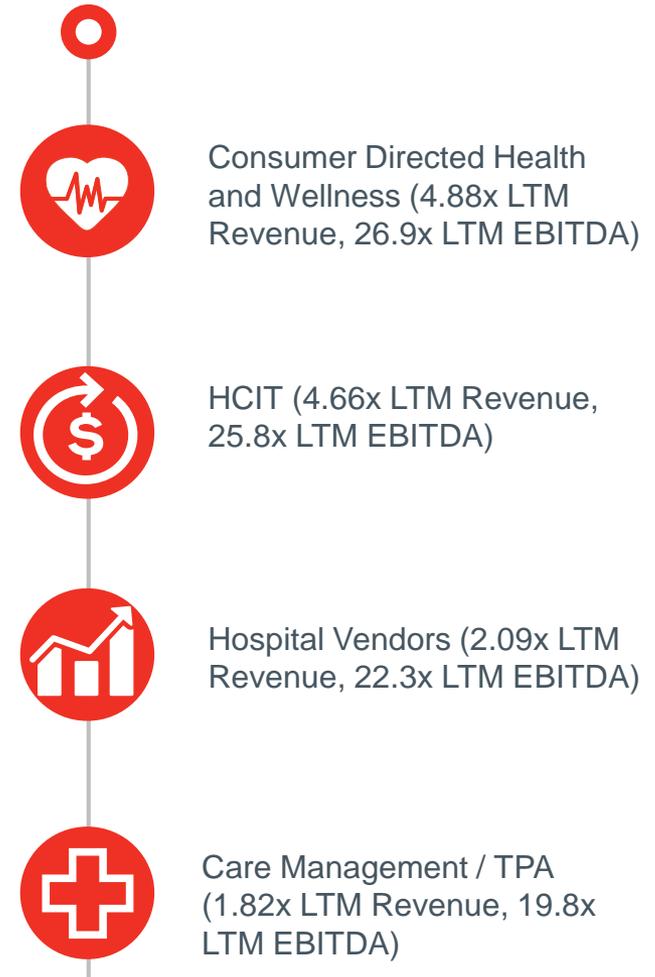
Over the past month:

The best performing sectors were Healthcare Consulting (up 16.7%), Assisted / Independent Living (up 15.3%), and Healthcare Staffing (up 14.0%).

The poorest performing sectors were Contract Research Orgs (down 6.7%), Hospital Vendors (down 4.3%) and Providers – Other (down 1.7%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.30x and 14.5x, 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 2017E
			1 mo	12 mo	Rev	EBITDA	LTM	2017E	
Providers									
Acute Care Hospitals	5	\$44,195	9.1%	9.8%	1.09x	8.2x	12.8x	15.6x	1.7x
Assisted / Independent Living	3	2,563	15.3%	(6.5%)	1.69x	12.3x	NM	NM	NM
Behavioral Health	3	5,045	1.4%	(2.2%)	0.98x	10.5x	19.2x	16.0x	NM
Dialysis Services	3	42,164	2.4%	19.0%	1.67x	9.2x	23.0x	21.7x	1.4x
Healthcare Staffing	2	2,897	14.0%	41.2%	1.02x	13.0x	21.0x	20.6x	(7.2x)
Home Health / Hospice	7	9,706	10.6%	50.9%	1.24x	14.7x	32.6x	28.4x	2.7x
Rehabilitation	5	8,902	6.0%	26.2%	1.92x	11.8x	29.4x	24.6x	6.0x
Skilled Nursing	4	2,384	3.1%	2.6%	0.73x	9.2x	24.5x	17.3x	1.2x
Providers - Other	4	9,387	(1.7%)	(31.4%)	1.96x	12.2x	31.7x	20.5x	0.9x
Total / Average	36	\$127,243	5.8%	13.8%	1.37x	11.2x	24.3x	20.6x	0.9x
Payors / Managed Care									
Commercial Managed Care	5	\$429,666	8.1%	45.9%	0.99x	12.3x	25.0x	20.8x	1.6x
Government Managed Care	3	31,567	12.7%	66.5%	0.30x	11.7x	23.9x	22.9x	1.5x
Specialty Managed Care	2	6,098	2.3%	18.0%	0.51x	8.6x	20.0x	25.1x	2.3x
Total / Average	10	\$467,331	8.3%	46.9%	0.60x	10.9x	23.0x	22.9x	1.8x
Consumer Directed Health / Wellness									
	6	\$10,132	1.7%	6.5%	4.88x	26.9x	23.5x	44.1x	2.1x
HCIT									
	21	\$53,745	2.0%	32.7%	4.66x	25.8x	31.5x	43.4x	2.3x
Other Outsourced Services									
Care Management / TPA	4	\$6,616	4.5%	37.0%	1.82x	19.8x	23.3x	23.3x	1.5x
Clinical Laboratories	6	37,293	3.1%	16.7%	3.23x	14.4x	20.3x	18.2x	2.2x
Contract Research Orgs	5	41,949	(6.7%)	34.9%	3.86x	19.3x	31.3x	21.4x	1.5x
Hospital Vendors	4	9,547	(4.3%)	7.8%	2.09x	22.3x	29.4x	28.3x	2.1x
Healthcare Consulting	2	1,750	16.7%	(22.4%)	1.41x	10.5x	20.4x	17.2x	1.3x
Total / Average	21	\$97,155	(1.5%)	24.4%	2.48x	17.3x	25.0x	21.7x	1.7x
Product									
Distribution	6	\$83,726	3.5%	(2.1%)	0.44x	10.1x	16.3x	14.3x	2.5x
Pharmacy Management	4	39,393	5.5%	(10.8%)	0.59x	15.0x	29.4x	15.2x	1.3x
Total / Average	10	\$123,119	4.1%	(4.9%)	0.52x	12.5x	22.8x	14.8x	1.9x
Healthcare REITS									
	16	\$100,646	0.4%	3.9%	13.12x	19.4x	26.3x	32.1x	8.1x
Total / Average (\$MM)	120	\$979,371	5.3%	17.9%	2.30x	14.5x	24.2x	23.5x	1.9x

Source: S&P Global Market Intelligence as of November 30, 2017, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Sector Update ..

Market Indices	Value at	% Change			
	11/30/2017	1 mo	YTD	12 mo	36 mo
S&P 500	2,647.6	2.8%	18.3%	20.4%	28.1%
NASDAQ Composite Index	6,874.0	2.2%	27.7%	29.1%	43.5%
Russell 2000 Index	1,544.1	2.8%	13.8%	16.8%	31.6%
S&P Composite 1500 Health Care Facilities (Sub Ind)	233.6	7.5%	10.9%	11.8%	(1.1%)
S&P Composite 1500 Health Care Providers & Services (Industry)	834.9	6.4%	27.4%	26.3%	45.2%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,454.0	8.0%	46.9%	45.8%	112.2%
S&P Health Care Services Select Industry Index	9,080.6	2.9%	15.9%	17.3%	12.2%

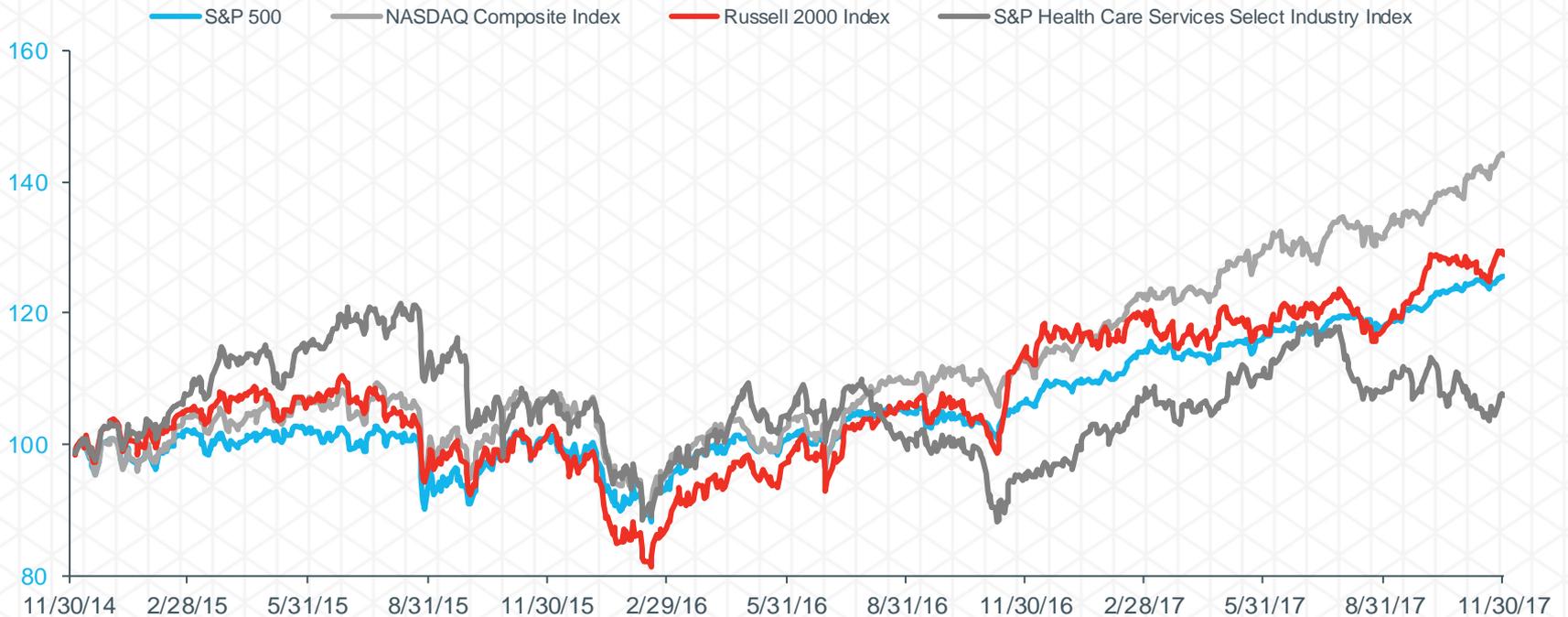
Interest Rates	Value at	1 mo	3 mo	12 mo
	11/30/2017	ago	ago	ago
LIBOR - USD - 6 months	1.67%	1.57%	1.45%	1.29%
U.S. Treasury - 2 years	1.78%	1.58%	1.33%	1.11%
U.S. Treasury - 5 years	2.13%	2.00%	1.74%	1.84%
U.S. Treasury - 10 years	2.42%	2.37%	2.15%	2.37%
U.S. Treasury - 30 years	2.83%	2.88%	2.75%	3.02%
U.S. Prime Rate	4.25%	4.25%	4.25%	3.50%

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	31	\$836,259	25.8%	85.4%	3.1%	20.0%	20.8%	42.1%
\$1 billion - \$5 billion	45	121,462	37.5%	12.4%	(0.2%)	14.3%	15.2%	27.3%
\$250 million - \$1 billion	33	20,782	27.5%	2.1%	5.3%	14.9%	18.4%	10.6%
\$100 million - \$250 million	2	320	1.7%	0.0%	8.8%	0.4%	(8.7%)	(23.1%)
< \$100 million	9	548	7.5%	0.1%	(10.9%)	(19.5%)	(20.2%)	(24.6%)
Total / Average (\$MM)	120	\$979,371	100.0%	100.0%	1.2%	6.0%	5.1%	6.5%

Source: S&P Global Market Intelligence as of November 30, 2017, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

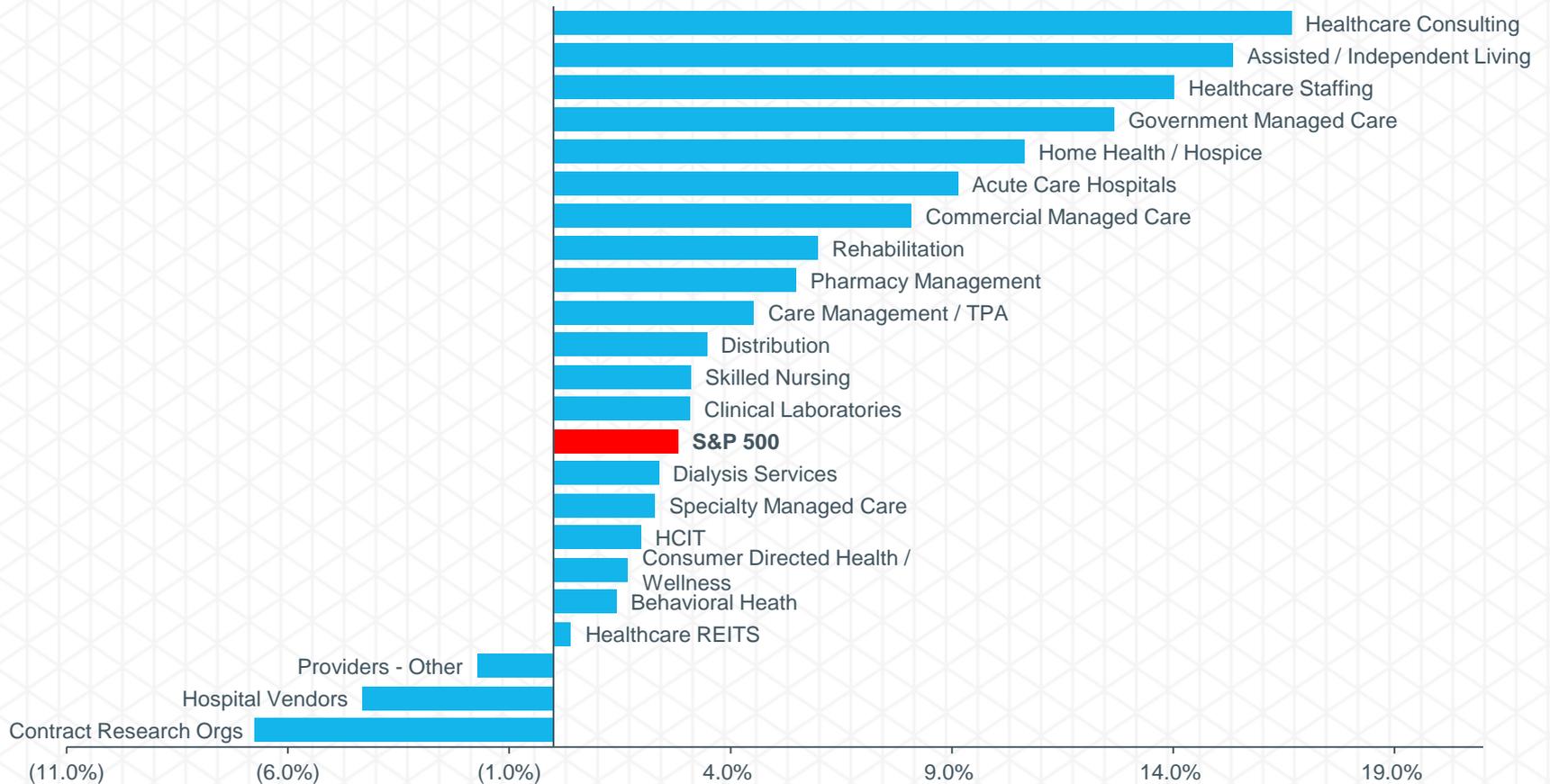
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Healthcare Services Sector Change

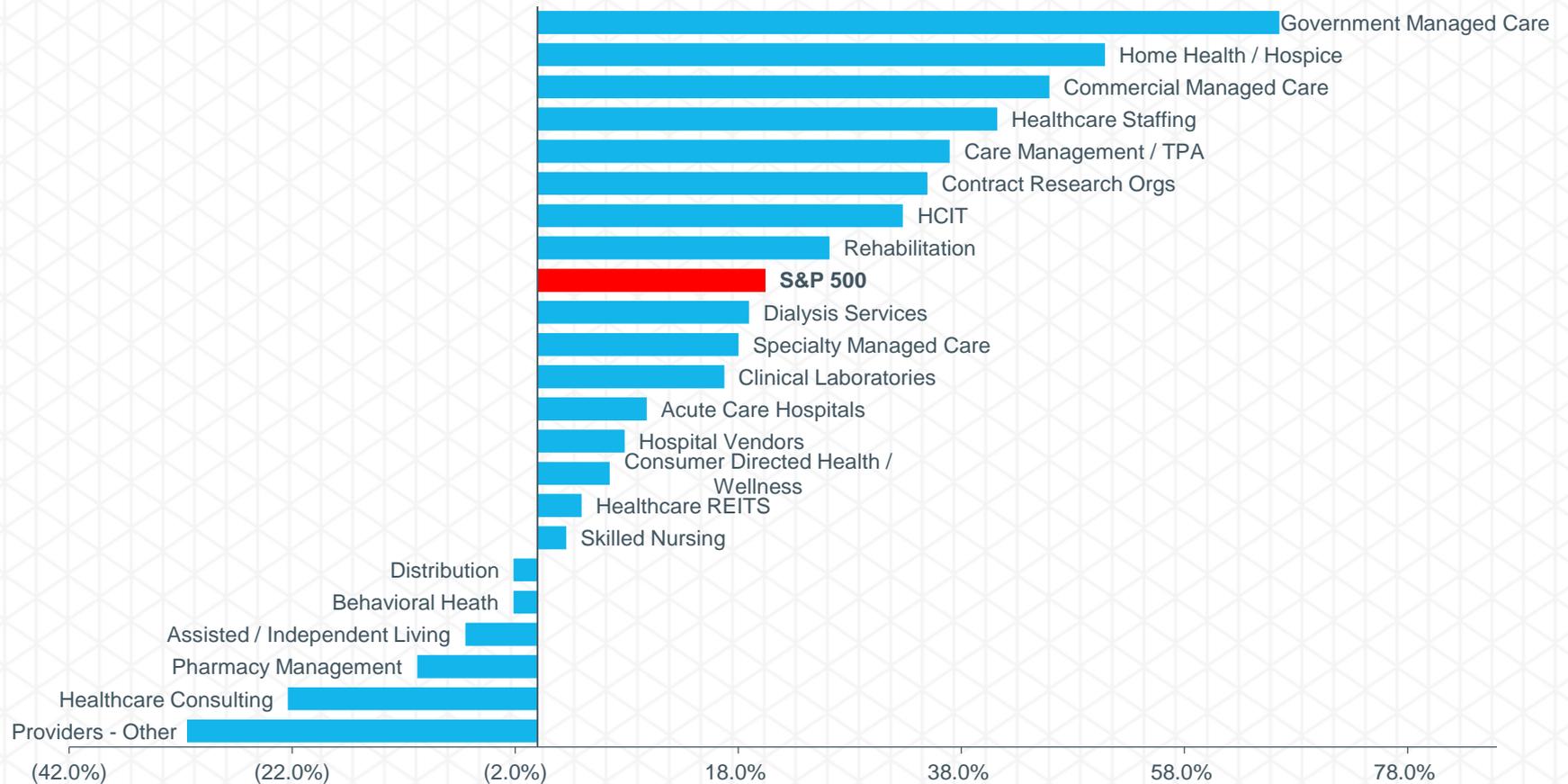
Average % - 1 Month Change



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Healthcare Services Sector Change

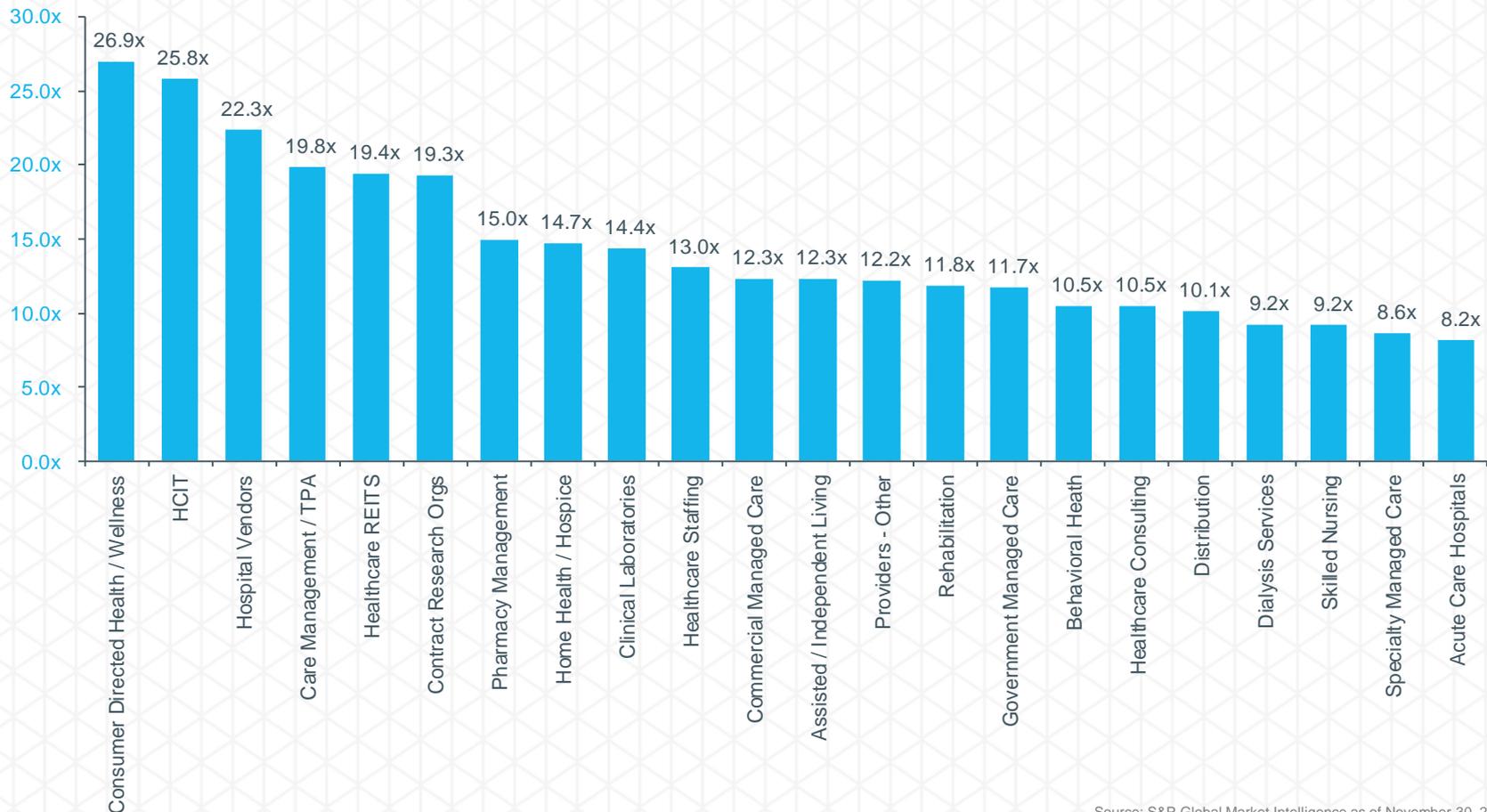
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of November 30, 2017, 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



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

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