

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

April 2018



# Q Highlights

The **S&P Healthcare Services** Index increased 4.0% over the last month, outperforming the S&P 500, which increased 0.3% over the same period.

## Over the past month:

The best performing sectors were Healthcare Staffing (up 17.2%), Home Health / Hospice (up 12.4%) and Pharmacy Management (up 9.5%).

The poorest performing sectors were Behavioral Health (down 13.5%), Providers - Other (down 9.8%) and Hospital Vendors (down 3.9%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.14x and 13.5x, 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 2018E
			1 mo	12 mo	Rev	EBITDA	LTM	2018E	
<b>Providers</b>									
Acute Care Hospitals	5	\$49,223	(1.7%)	9.5%	1.14x	9.9x	16.5x	15.1x	1.2x
Assisted / Independent Living	3	1,777	7.7%	(38.2%)	1.50x	9.4x	NM	NM	NM
Behavioral Health	3	5,447	(13.5%)	0.5%	1.01x	10.9x	17.8x	14.5x	1.5x
Dialysis Services	3	42,672	(1.7%)	8.4%	1.84x	9.2x	13.2x	18.6x	0.8x
Healthcare Staffing	2	3,652	17.2%	54.5%	1.19x	13.6x	18.7x	22.0x	1.3x
Home Health / Hospice	6	11,612	12.4%	42.3%	1.60x	15.7x	37.1x	25.2x	1.8x
Rehabilitation	5	10,460	6.0%	28.9%	2.27x	12.9x	17.5x	21.2x	2.0x
Skilled Nursing	4	2,584	4.3%	21.9%	0.72x	9.4x	26.4x	15.2x	1.0x
Providers - Other	4	10,153	(9.8%)	(17.9%)	1.91x	12.4x	15.2x	15.6x	0.7x
<b>Total / Average</b>	<b>35</b>	<b>\$137,580</b>	<b>(0.3%)</b>	<b>11.8%</b>	<b>1.46x</b>	<b>11.5x</b>	<b>20.3x</b>	<b>18.4x</b>	<b>1.3x</b>
<b>Payors / Managed Care</b>									
Commercial Managed Care	5	\$428,412	8.5%	31.7%	0.98x	11.3x	20.9x	17.0x	1.2x
Government Managed Care	3	33,698	2.9%	45.9%	0.31x	9.0x	21.7x	19.8x	0.9x
Specialty Managed Care	2	5,539	2.4%	3.6%	0.47x	6.6x	11.2x	13.8x	NM
<b>Total / Average</b>	<b>10</b>	<b>\$467,649</b>	<b>8.1%</b>	<b>32.4%</b>	<b>0.59x</b>	<b>9.0x</b>	<b>17.9x</b>	<b>16.9x</b>	<b>1.1x</b>
<b>Consumer Directed Health / Wellness</b>	<b>6</b>	<b>\$9,891</b>	<b>4.4%</b>	<b>10.7%</b>	<b>4.81x</b>	<b>25.4x</b>	<b>29.3x</b>	<b>34.1x</b>	<b>1.6x</b>
<b>HCIT</b>	<b>21</b>	<b>\$49,767</b>	<b>1.1%</b>	<b>6.3%</b>	<b>4.17x</b>	<b>20.9x</b>	<b>36.2x</b>	<b>31.3x</b>	<b>2.2x</b>
<b>Other Outsourced Services</b>									
Care Management / TPA	5	\$6,606	1.7%	11.0%	1.32x	13.8x	21.1x	18.7x	2.2x
Clinical Laboratories	6	39,268	3.2%	9.2%	2.79x	12.0x	18.4x	16.9x	1.9x
Contract Research Orgs	5	40,521	(1.0%)	17.1%	3.32x	17.1x	26.7x	18.0x	1.3x
Hospital Vendors	4	7,949	(3.9%)	(25.5%)	1.79x	19.3x	25.3x	28.1x	1.3x
Healthcare Consulting	2	1,775	5.3%	(13.1%)	1.35x	10.7x	13.8x	16.6x	1.2x
<b>Total / Average</b>	<b>22</b>	<b>\$96,119</b>	<b>0.8%</b>	<b>9.4%</b>	<b>2.11x</b>	<b>14.6x</b>	<b>21.1x</b>	<b>19.7x</b>	<b>1.6x</b>
<b>Product</b>									
Distribution	6	\$87,209	7.7%	1.0%	0.41x	10.1x	15.1x	12.9x	5.3x
Pharmacy Management	3	44,457	9.5%	24.4%	0.70x	19.8x	9.8x	15.8x	1.1x
<b>Total / Average</b>	<b>9</b>	<b>\$131,666</b>	<b>8.3%</b>	<b>8.9%</b>	<b>0.56x</b>	<b>14.9x</b>	<b>12.5x</b>	<b>14.4x</b>	<b>3.2x</b>
<b>Healthcare REITS</b>	<b>16</b>	<b>\$84,537</b>	<b>(0.2%)</b>	<b>(21.3%)</b>	<b>11.30x</b>	<b>17.0x</b>	<b>24.4x</b>	<b>32.5x</b>	<b>7.9x</b>
<b>Total / Average (\$MM)</b>	<b>119</b>	<b>\$977,210</b>	<b>3.4%</b>	<b>10.9%</b>	<b>2.14x</b>	<b>13.5x</b>	<b>21.1x</b>	<b>20.4x</b>	<b>2.0x</b>

# Healthcare Services Sector Update ..

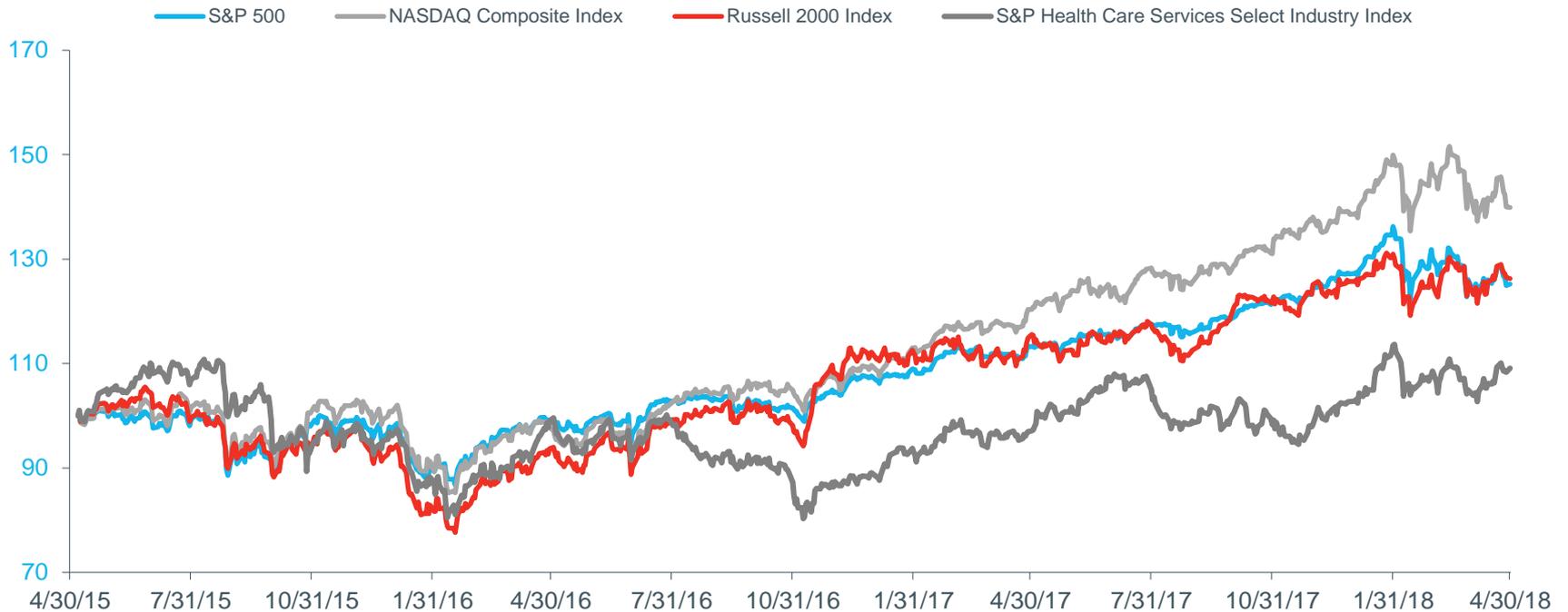
Market Indices	Value at	% Change			
	4/30/2018	1 mo	YTD	12 mo	36 mo
S&P 500	2,648.0	0.3%	(1.0%)	11.1%	27.0%
NASDAQ Composite Index	7,066.3	0.0%	2.4%	16.8%	43.0%
Russell 2000 Index	1,541.9	0.8%	0.4%	10.1%	26.4%
S&P Composite 1500 Health Care Facilities (Sub Ind)	263.4	(0.8%)	9.4%	9.1%	3.7%
S&P Composite 1500 Health Care Providers & Services (Industry)	865.4	6.7%	4.0%	21.4%	34.7%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,467.8	7.9%	4.2%	32.1%	83.7%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>9,706.3</b>	<b>4.0%</b>	<b>6.0%</b>	<b>10.9%</b>	<b>8.8%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	4/30/2018	ago	ago	ago
LIBOR - USD - 6 months	2.51%	2.45%	1.97%	1.43%
U.S. Treasury - 2 years	2.49%	2.27%	2.14%	1.28%
U.S. Treasury - 5 years	2.79%	2.56%	2.53%	1.82%
U.S. Treasury - 10 years	2.93%	2.74%	2.72%	2.28%
U.S. Treasury - 30 years	3.10%	2.97%	2.94%	2.95%
U.S. Prime Rate	4.75%	4.75%	4.50%	4.00%

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	\$835,431	26.1%	85.5%	2.6%	(0.8%)	10.0%	26.8%
\$1 billion - \$5 billion	44	119,518	37.0%	12.2%	1.7%	0.2%	1.1%	16.6%
\$250 million - \$1 billion	34	21,432	28.6%	2.2%	3.4%	5.2%	17.9%	10.4%
\$100 million - \$250 million	4	549	3.4%	0.1%	0.4%	27.8%	7.1%	(22.3%)
< \$100 million	6	281	5.0%	0.0%	(9.7%)	(14.6%)	(30.8%)	(42.4%)
<b>Total / Average (\$MM)</b>	<b>119</b>	<b>\$977,210</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(0.3%)</b>	<b>3.6%</b>	<b>1.0%</b>	<b>(2.2%)</b>

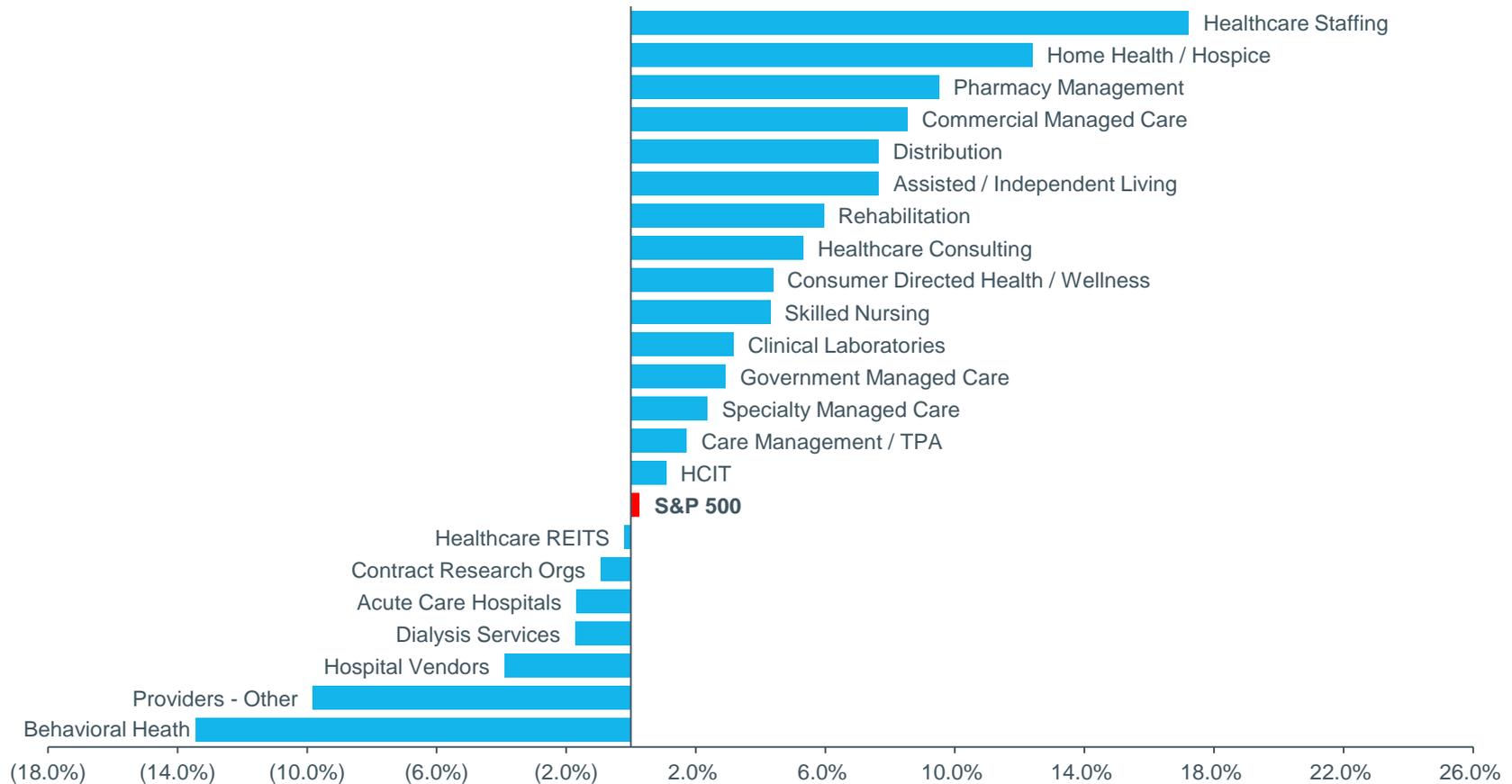
# Healthcare Services Market Performance

## Performance of Market Indices for Latest 36 Months



# Healthcare Services Sector Change

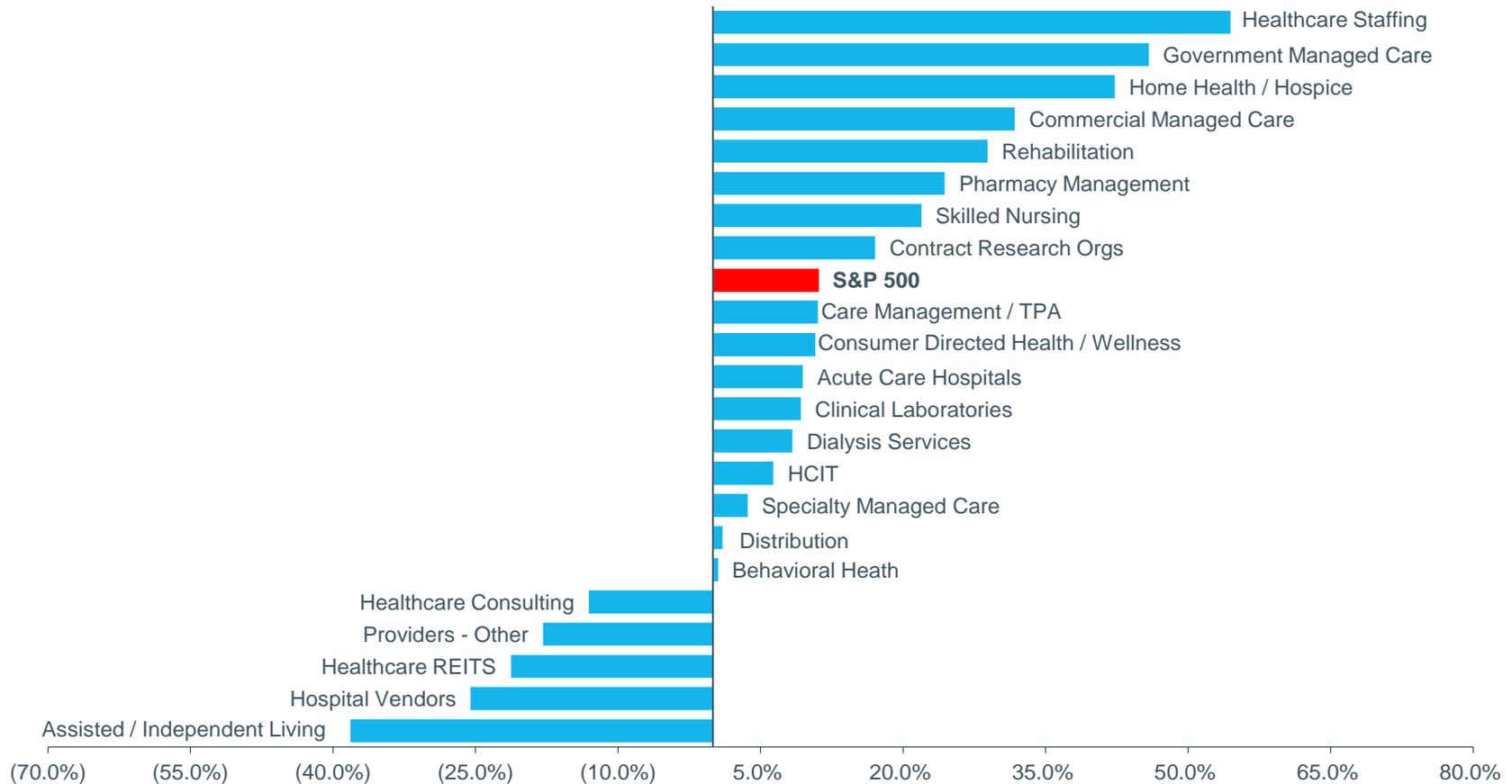
Average % - 1 Month Change



Source: S&P Global Market Intelligence as of April 30, 2018, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

# Healthcare Services Sector Change

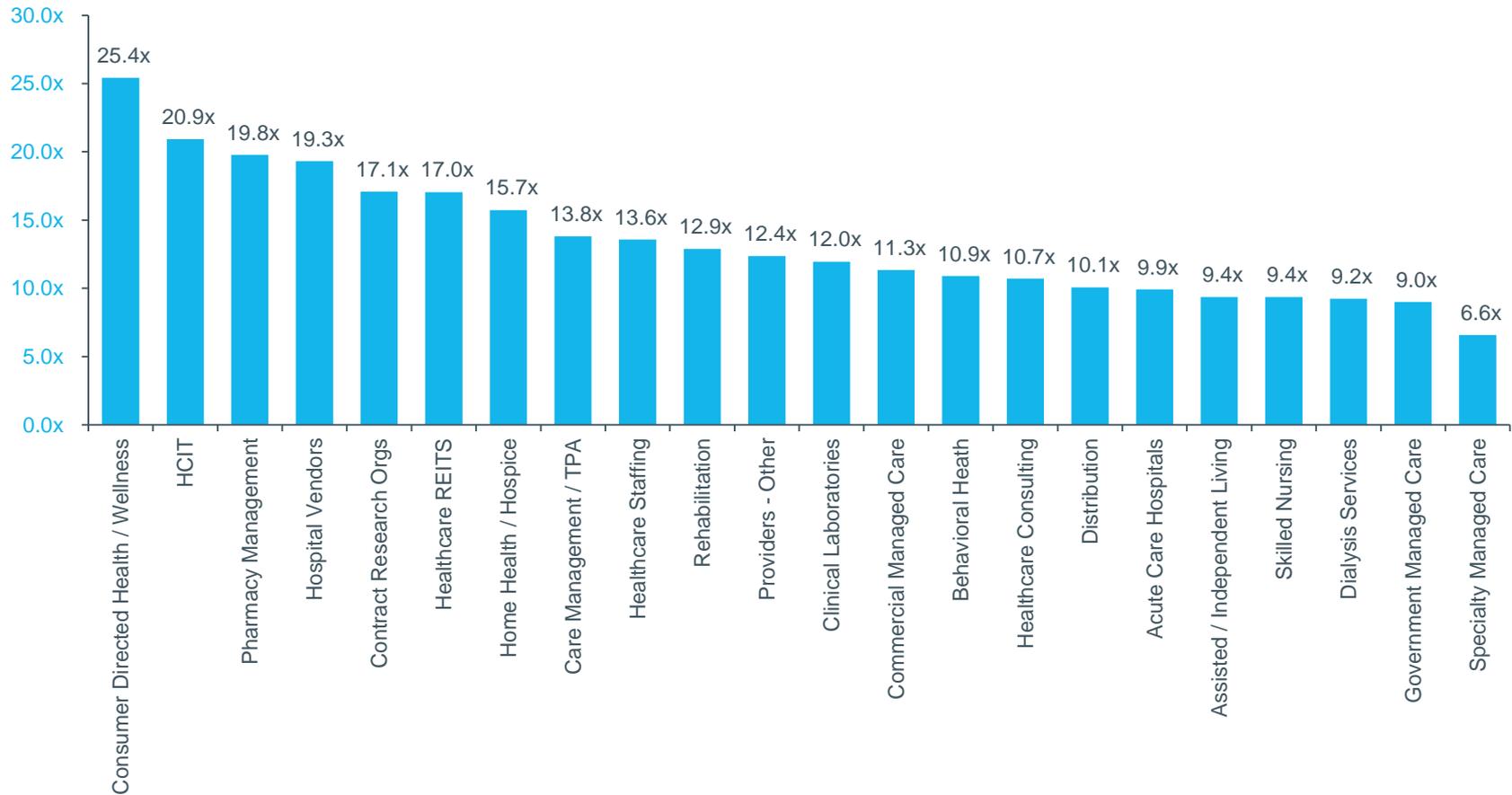
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of April 30, 2018, 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 April trading multiples for individual healthcare services companies, please contact one of our professionals below.

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