

INDUSTRY INSIGHTS:

Healthcare Services Sector Update

June 2017



Q Highlights

The **S&P Healthcare Services Index** increased 7.2% over the last month, outperforming the S&P 500, which increased 0.5% over the same period.

Over the past month:

The best performing sectors were Psychiatric Hospitals (up 15.6%), Healthcare Staffing (up 12.9%), and Skilled Nursing (up 12.4%).

The poorest performing sectors were Care Management / TPA (up 0.8%), Other Services (up 0.9%) and Dialysis Services (up 2.8%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.46x and 14.5x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update ..

Market Sector	# of	Ag. Equity	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio
	Co's	Mkt. Value	1 mo	12 mo	Rev	EBITDA	LTM	2017E	2017E
Acute Care Hospitals	5	\$49,566	6.6%	5.0%	1.19x	8.5x	15.4x	17.1x	1.5x
Assisted / Independent Living	3	3,255	6.6%	(6.7%)	1.72x	11.5x	NM	7.9x	0.8x
Care Management / TPA	4	5,868	0.8%	13.6%	1.60x	21.2x	22.3x	24.5x	1.7x
Clinical Laboratories	6	39,429	7.8%	25.1%	4.34x	15.5x	20.6x	24.4x	2.1x
Consumer Directed Health and Wellness	6	9,561	10.0%	52.8%	5.07x	25.5x	29.7x	47.0x	3.4x
Contract Research Orgs	7	42,924	5.9%	42.2%	3.18x	17.1x	32.2x	21.2x	1.6x
Diagnostic Imaging	3	532	4.6%	65.5%	1.78x	6.5x	18.7x	32.3x	NM
Dialysis Services	3	42,719	2.8%	2.6%	1.71x	9.3x	15.6x	25.3x	2.0x
Distribution / Supply	8	105,833	3.1%	0.7%	0.95x	12.9x	20.9x	18.7x	3.0x
HCIT	19	51,700	3.9%	23.7%	5.36x	28.1x	31.1x	34.3x	2.3x
Healthcare REITs	17	109,011	3.0%	(2.9%)	12.83x	18.6x	23.8x	34.8x	6.1x
Healthcare Staffing	3	9,616	12.9%	(15.3%)	1.52x	12.4x	17.2x	18.0x	1.4x
Home Care / Hospice	7	9,271	5.4%	40.0%	1.28x	15.7x	35.2x	27.7x	2.3x
Skilled Nursing	6	3,408	12.4%	4.6%	1.55x	9.9x	23.9x	18.4x	6.2x
Managed Care - Commercial	5	356,475	4.4%	32.2%	0.87x	11.7x	27.0x	18.1x	1.4x
Managed Care - Government	3	25,694	6.6%	33.3%	0.25x	6.5x	28.8x	25.1x	1.4x
Other Services	5	15,568	0.9%	(14.3%)	1.95x	16.4x	33.6x	32.1x	2.1x
Pharmacy Management	4	40,654	7.5%	(13.5%)	1.17x	22.9x	25.4x	18.8x	1.4x
Psychiatric Hospitals	3	6,232	15.6%	(6.4%)	0.86x	11.4x	21.3x	13.4x	NM
Specialty Managed Care	2	6,111	5.0%	16.7%	0.46x	10.3x	27.8x	15.9x	0.7x
Surgicenters / Rehabilitation	5	8,291	5.9%	27.2%	2.11x	11.9x	27.1x	24.8x	1.7x
Total / Average (\$MM)	124	\$941,719	6.3%	15.5%	2.46x	14.5x	24.9x	23.8x	1.6x

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

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Market Indices	Value at	% Change			
	06/30/2017	1 mo	YTD	12 mo	36 mo
S&P 500 Index	2,423.4	0.5%	8.2%	15.5%	23.6%
NASDAQ Composite Index	6,140.4	(0.9%)	14.1%	26.8%	39.3%
Russell 2000 Index	1,415.4	3.3%	4.3%	22.9%	18.6%
S&P Composite 1500 Healthcare Facilities (Sub Ind) Index	252.7	7.5%	20.0%	7.3%	15.5%
S&P Composite 1500 Healthcare Providers & Services (Industry)	765.5	5.1%	16.8%	16.3%	52.9%
S&P Composite 1500 Managed Healthcare (Sub Ind)	1,195.4	4.5%	20.8%	31.7%	102.0%
S&P Healthcare Services Select Industry Index	9,611.9	7.2%	22.7%	12.4%	31.1%

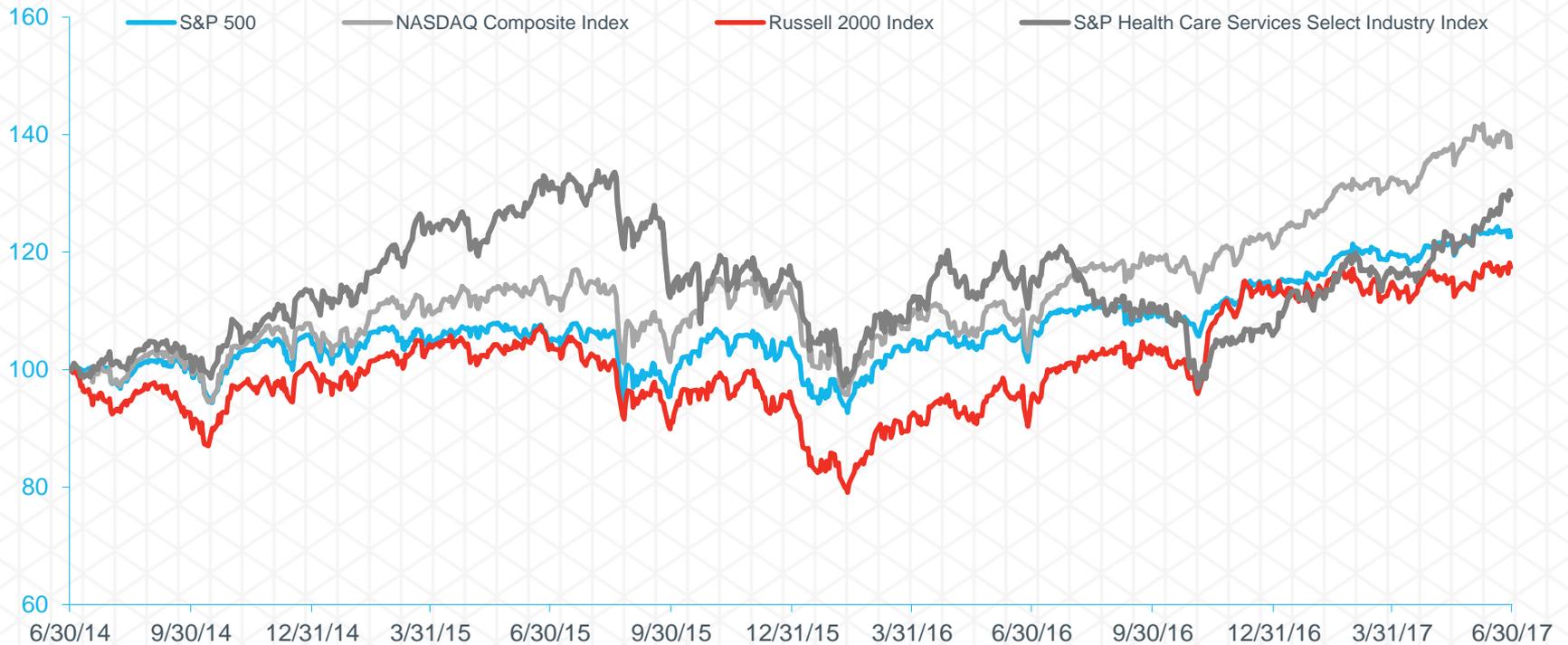
Interest rates	Value at	1 mo	3 mo	12 mo
	06/30/2017	ago	ago	ago
LIBOR - USD - 6 months	1.45%	1.41%	1.42%	0.92%
U.S. Treasury - 2 years	1.38%	1.28%	1.28%	0.58%
U.S. Treasury - 5 years	1.89%	1.77%	1.96%	1.02%
U.S. Treasury - 10 years	2.30%	2.22%	2.42%	1.49%
U.S. Treasury - 30 years	2.84%	2.88%	3.03%	2.30%
U.S. Prime Rate	4.25%	4.00%	4.00%	3.75%

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	32	\$792,603	25.8%	84.2%	4.6%	16.2%	10.5%	42.6%
\$1 billion - \$5 billion	50	131,516	40.3%	14.0%	6.3%	23.2%	22.7%	38.1%
\$250 million - \$1 billion	28	16,353	22.6%	1.7%	8.6%	11.4%	10.3%	14.6%
\$100 million - \$250 million	6	916	4.8%	0.1%	10.8%	(14.5%)	27.1%	12.7%
< \$100 million	8	331	6.5%	0.0%	(13.1%)	(14.1%)	2.5%	(36.4%)
Total / Average (\$MM)	124	\$941,719	100.0%	100.0%	3.4%	4.4%	14.6%	14.3%

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

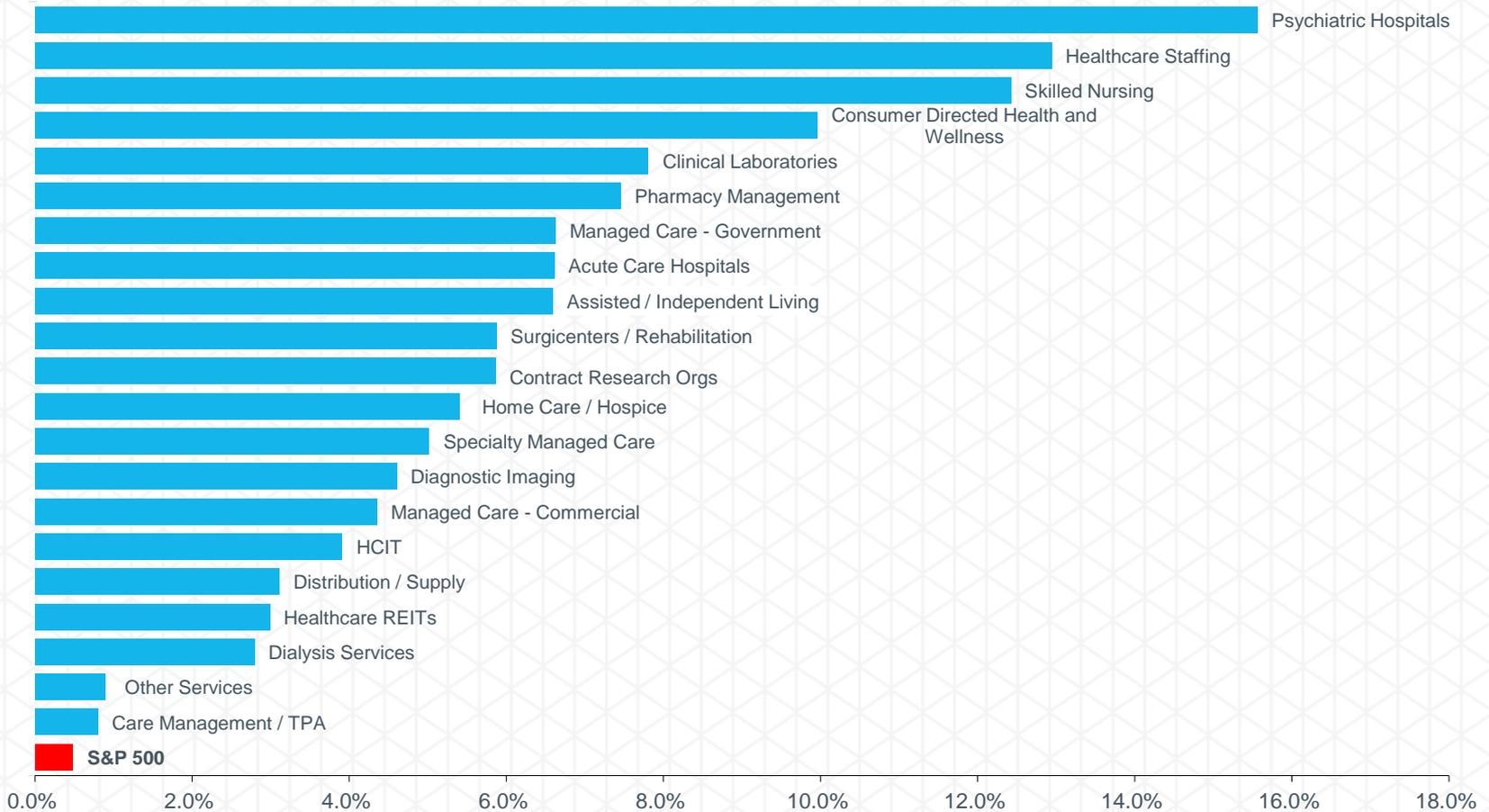
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Performance of Market Indices for Latest 36 Months



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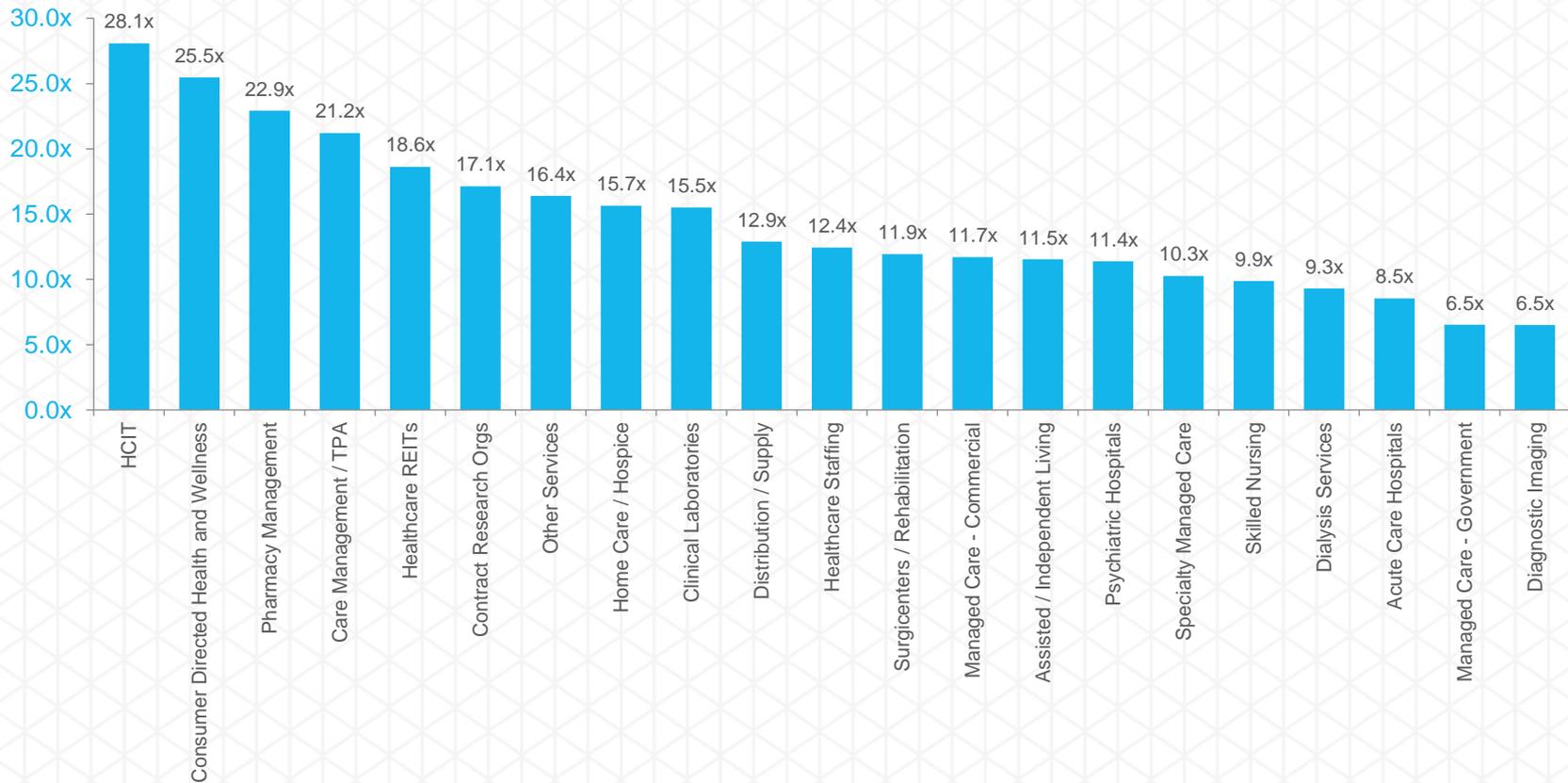
Average % - 1 Month



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

Healthcare Services Sector Update

Overview of Subsector EV/LTM EBITDA



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

Brooks Dexter

Managing Director
Head of Healthcare M&A
Los Angeles
+1 424 249 1646
brooks.dexter@duffandphelps.com

Eric Coburn

Managing Director
New York
+1 212 450 2839
eric.coburn@duffandphelps.com

Laca Wong-Hammond

Managing Director
New York
+1 212 871 3915
laca.wong-hammond@duffandphelps.com

Philip Smith

Managing Director
Minneapolis
+1 651 393 4052
philip.smith@duffandphelps.com

Jordan Lampos

Director
Los Angeles
+1 424 249 1668
jordan.lampos@duffandphelps.com

Adam Stormoen

Director
Minneapolis
+1 612 720 8136
adam.stormoen@duffandphelps.com

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