

INDUSTRY INSIGHTS

Healthcare Services Sector Update

November 2018

Healthcare Services

Q Highlights

The **S&P Healthcare Services** Index increased 5.2% over the last month, outperforming S&P 500, which increased 1.8% over the same period.

Over the past month:

The best performing sectors were Healthcare Staffing, led by AMN Healthcare (NYSE:AMN), (up 21.6%), Healthcare Consulting (up 19.3%) and Skilled Nursing (up 14.4%)

The poorest performing sectors were Behavioral Health (down 17.3%), Clinical Laboratories (down 4.6%) and Assisted / Independent Living (down 3.1%)

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.26x 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	2018E	
Providers									
Acute Care Hospitals	4	\$65,529	8.4%	61.3%	1.37x	10.9x	15.8x	15.2x	1.0x
Assisted / Independent Living	3	1,907	(3.1%)	(24.2%)	1.48x	13.9x	NM	NM	NM
Behavioral Health	3	4,369	(17.3%)	(7.0%)	0.69x	10.0x	13.0x	14.1x	1.4x
Dialysis Services	3	36,548	1.9%	(7.2%)	1.77x	9.4x	19.0x	23.3x	2.6x
Healthcare Staffing	2	3,314	21.6%	20.9%	1.05x	12.5x	15.9x	19.6x	1.3x
Home Health / Hospice	6	15,055	11.4%	74.4%	1.85x	16.1x	32.8x	29.9x	1.9x
Rehabilitation	4	11,679	12.0%	43.0%	2.76x	15.6x	17.6x	28.6x	2.2x
Skilled Nursing	4	3,829	14.4%	67.5%	0.89x	10.6x	26.0x	24.5x	1.6x
Providers - Other	3	4,884	(3.0%)	(3.5%)	1.75x	11.2x	10.8x	25.9x	1.9x
Total / Average	32	\$147,115	5.1%	25.0%	1.51x	12.2x	18.9x	22.6x	1.7x
Payors / Managed Care									
Commercial Managed Care	4	\$445,302	7.9%	21.5%	1.11x	13.6x	22.3x	19.7x	1.4x
Government Managed Care	3	50,670	5.8%	41.1%	0.51x	11.0x	31.3x	19.5x	1.3x
Specialty Managed Care	2	6,478	1.3%	(5.6%)	0.52x	9.5x	10.5x	16.0x	NM
Total / Average	9	\$502,450	7.6%	23.1%	0.71x	11.4x	21.4x	18.4x	1.4x
Consumer Directed Health / Wellness	6	\$11,827	10.9%	37.5%	5.54x	27.9x	25.6x	38.6x	1.7x
HCIT	20	\$55,146	4.1%	21.4%	4.46x	34.4x	32.4x	35.5x	2.4x
Other Outsourced Services									
Care Management / TPA	5	\$7,684	10.0%	11.8%	1.56x	15.8x	31.5x	24.3x	1.7x
Clinical Laboratories	6	35,095	(4.6%)	(4.6%)	2.90x	10.6x	15.3x	15.8x	2.3x
Contract Research Orgs	5	52,308	10.3%	27.7%	3.32x	18.1x	32.1x	23.1x	1.6x
Hospital Vendors	4	7,906	4.0%	(19.3%)	1.72x	24.6x	27.7x	21.8x	1.8x
Healthcare Consulting	2	2,295	19.3%	34.9%	1.40x	11.5x	15.6x	26.7x	2.0x
Total / Average	22	\$105,288	5.0%	12.4%	2.18x	16.1x	24.4x	22.3x	1.9x
Product									
Distribution	6	\$75,943	3.1%	(2.3%)	0.41x	10.2x	21.0x	13.6x	1.8x
Pharmacy Management	3	58,846	6.2%	54.3%	0.84x	16.3x	11.7x	15.2x	1.6x
Total / Average	9	\$134,789	4.4%	22.4%	0.63x	13.3x	16.4x	14.4x	1.7x
Healthcare REITS	16	\$105,894	5.7%	6.1%	11.73x	17.7x	23.7x	28.6x	1.3x
Total / Average (\$MM)	114	\$1,062,509	5.9%	20.4%	2.26x	15.1x	21.5x	22.8x	1.8x

Healthcare Services Sector Update ..

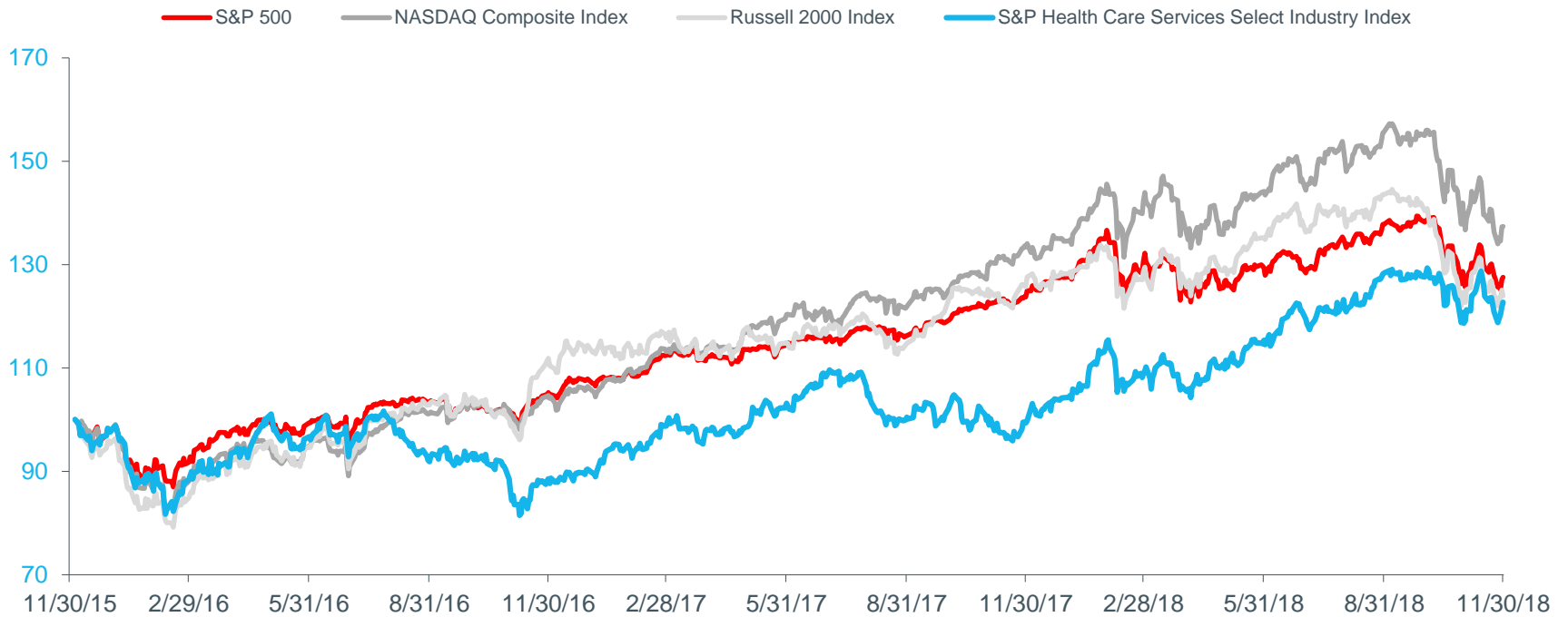
Market Indices	Value at	% Change			
	11/30/2018	1 mo	YTD	12 mo	36 mo
S&P 500	2,760.2	1.8%	3.2%	4.3%	32.7%
NASDAQ Composite Index	7,330.5	0.3%	6.2%	6.6%	43.5%
Russell 2000 Index	1,533.3	1.4%	(0.1%)	(0.7%)	28.0%
S&P Composite 1500 Health Care Facilities (Sub Ind)	355.3	8.2%	47.5%	52.1%	54.6%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,012.9	6.0%	21.7%	21.3%	62.5%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,770.6	6.1%	25.7%	21.8%	123.3%
S&P Health Care Services Select Industry Index	11,215.5	5.2%	22.5%	23.5%	29.4%

Interest Rates	Value at	1 mo	3 mo	12 mo
	11/30/2018	ago	ago	ago
LIBOR - USD - 6 months	2.89%	2.80%	2.54%	1.67%
U.S. Treasury - 2 years	2.80%	2.87%	2.62%	1.78%
U.S. Treasury - 5 years	2.85%	2.99%	2.74%	2.13%
U.S. Treasury - 10 years	3.02%	3.16%	2.85%	2.42%
U.S. Treasury - 30 years	3.31%	3.40%	3.01%	2.83%
U.S. Prime Rate	5.25%	5.25%	5.00%	4.25%

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	36	\$942,632	31.6%	88.7%	6.0%	19.1%	19.8%	53.3%
\$1 billion - \$5 billion	43	104,895	37.7%	9.9%	6.7%	29.3%	26.5%	46.1%
\$250 million - \$1 billion	23	14,077	20.2%	1.3%	5.1%	9.6%	8.2%	41.1%
\$100 million - \$250 million	3	468	2.6%	0.0%	2.4%	44.3%	47.3%	(15.0%)
< \$100 million	9	436	7.9%	0.0%	(24.4%)	(43.3%)	(39.1%)	(38.3%)
Total / Average (\$MM)	114	\$1,062,509	100.0%	100.0%	(0.9%)	11.8%	12.5%	17.4%

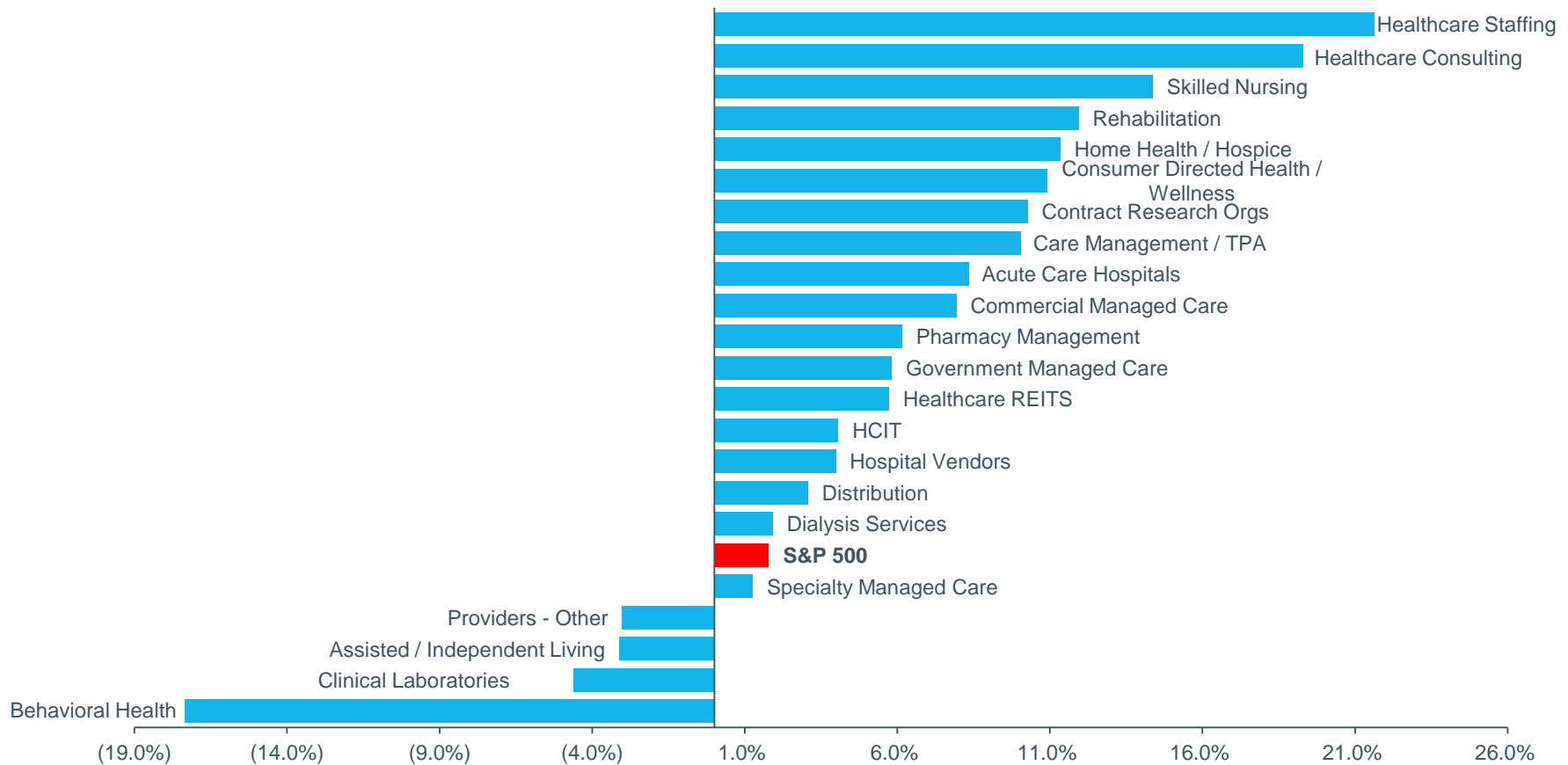
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



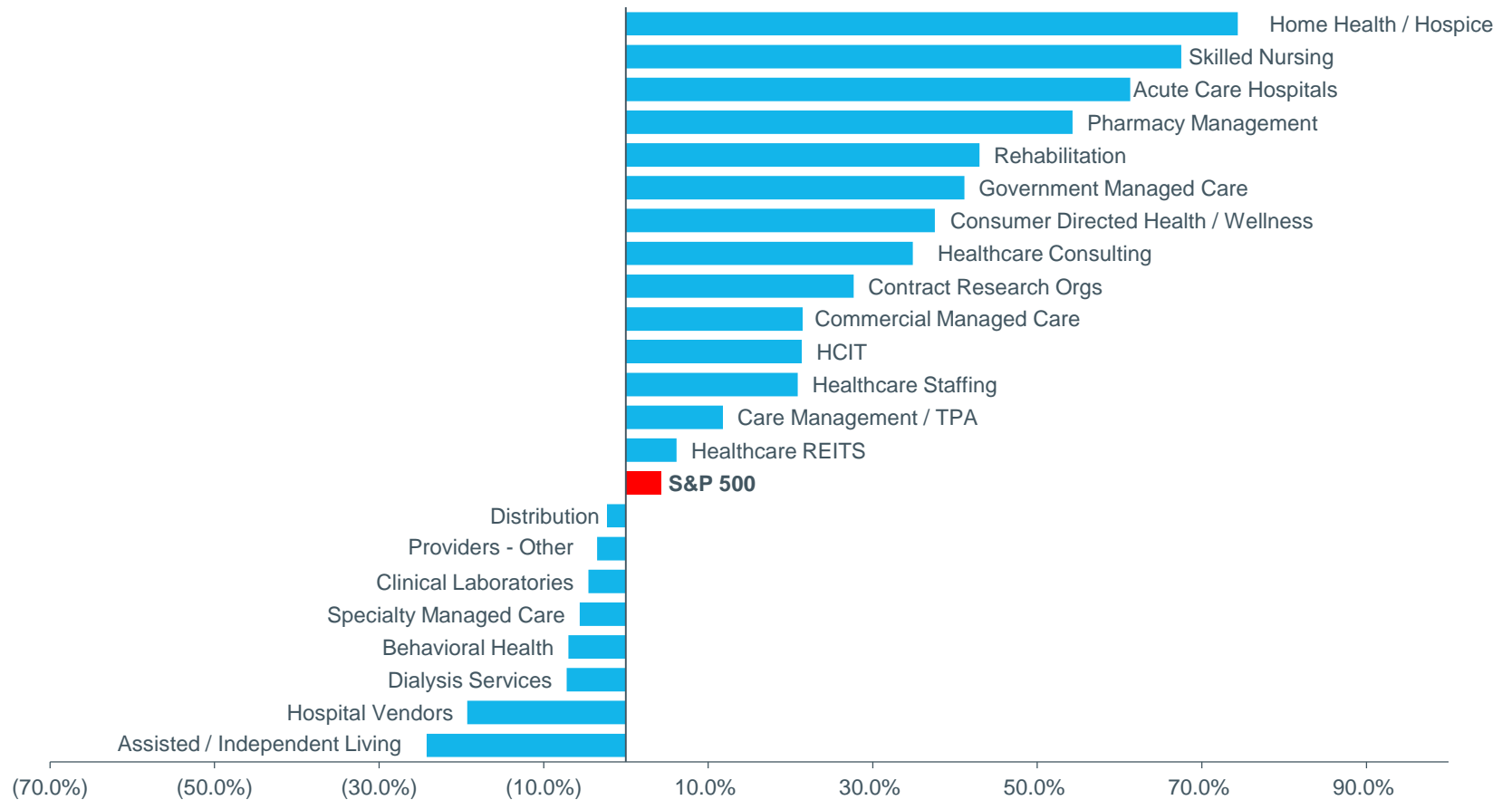
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

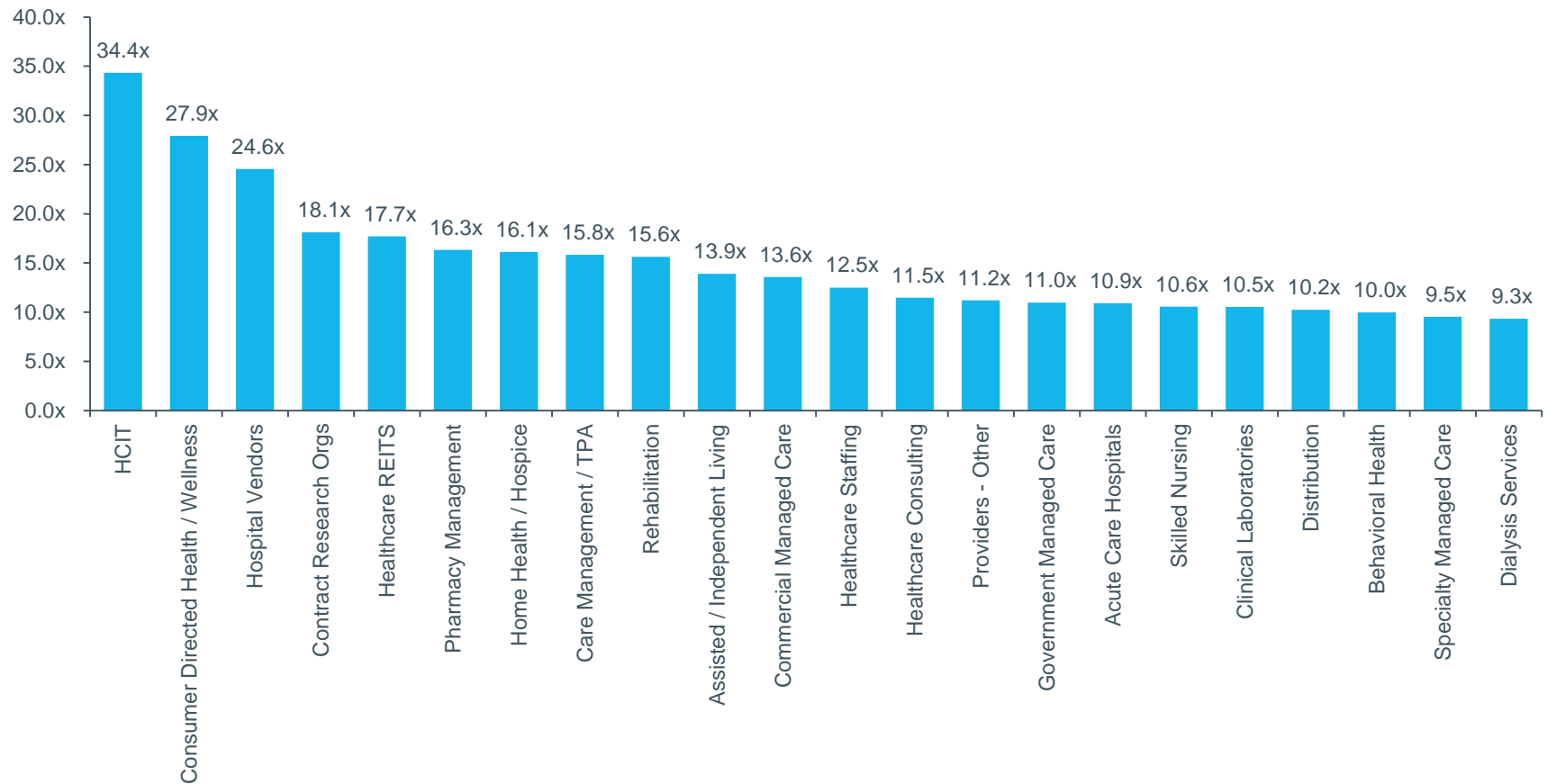
Average % - 12 Month Change



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

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