

INDUSTRY INSIGHTS

Healthcare Services Sector Update

October 2019



Q Highlights

The **S&P Healthcare Services** Index declined 1.4% over the last month, as compared to S&P 500, which declined 0.3% over the same period.

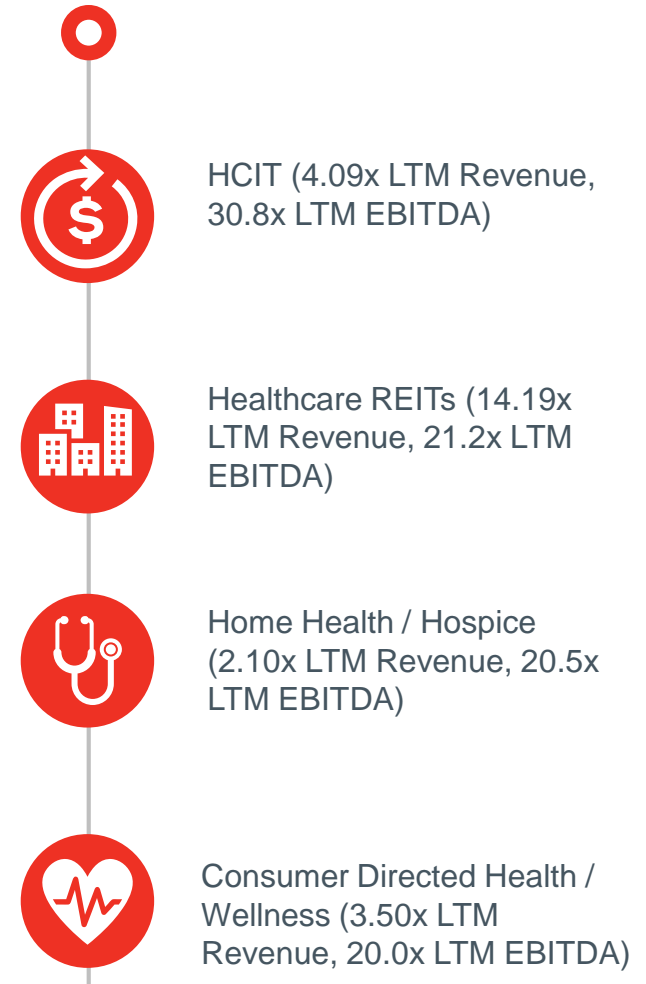
Over the past month:

The sectors experiencing the most growth were Government Managed Care (up 17.3%), Commercial Managed Care (up 15.6%) and Consumer Directed Health / Wellness (up 12.7%).

The sectors experiencing most decline were Skilled Nursing (down 6.0%), Assisted / Independent Living (down 3.0%) and Contract Research Orgs (down 2.7%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.41x and 14.7x respectively,

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update .o

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
Providers									
Acute Care Hospitals	4	\$60,723	7.3%	2.6%	1.34x	9.0x	15.2x	12.4x	1.2x
Assisted / Independent Living	3	1,515	(3.0%)	(20.8%)	1.97x	19.8x	NM	NM	NM
Behavioral Health	2	4,238	(0.5%)	(17.5%)	0.31x	14.7x	NM	19.4x	2.0x
Dialysis Services	3	30,060	6.2%	(9.7%)	1.71x	10.0x	17.9x	12.4x	0.6x
Healthcare Staffing	2	3,141	2.4%	16.9%	1.09x	14.8x	22.9x	19.4x	1.4x
Home Health / Hospice	5	16,022	(2.3%)	22.7%	2.10x	20.5x	35.0x	30.9x	2.2x
Rehabilitation	4	10,855	4.4%	8.4%	3.87x	11.5x	18.8x	27.5x	3.2x
Skilled Nursing	3	3,652	(6.0%)	9.2%	1.28x	14.6x	19.2x	19.2x	1.3x
Providers - Other	3	2,997	1.5%	(32.4%)	1.80x	12.1x	15.6x	23.8x	1.8x
Total / Average	29	\$133,202	1.1%	(2.3%)	1.72x	14.1x	20.7x	20.6x	1.7x
Payors / Managed Care									
Commercial Managed Care	5	\$415,443	15.6%	(5.7%)	2.51x	11.6x	16.4x	14.5x	1.0x
Government Managed Care	3	44,267	17.3%	(7.9%)	0.42x	8.4x	16.7x	13.7x	1.0x
Specialty Managed Care	2	8,071	0.8%	28.0%	0.55x	7.3x	15.7x	10.1x	NM
Total / Average	10	\$467,781	15.5%	(5.4%)	1.16x	9.1x	16.3x	12.8x	1.0x
Consumer Directed Health / Wellness	5	\$7,347	12.7%	(24.6%)	3.50x	20.0x	25.0x	26.8x	1.8x
HCIT	23	\$52,787	3.0%	10.7%	4.09x	30.8x	27.5x	30.3x	2.0x
Other Outsourced Services									
Care Management / TPA	5	\$8,855	1.0%	32.6%	1.61x	15.5x	23.6x	21.8x	1.3x
Clinical Laboratories	6	40,786	(2.3%)	10.0%	3.56x	11.7x	20.7x	17.9x	2.5x
Contract Research Orgs	5	53,691	(2.7%)	11.9%	2.85x	16.6x	26.2x	19.8x	1.7x
Hospital Vendors	4	7,144	9.8%	1.4%	1.74x	15.4x	23.7x	22.8x	2.2x
Healthcare Consulting	1	1,437	7.8%	21.4%	2.07x	16.2x	48.6x	25.6x	1.9x
Total / Average	21	\$111,913	(1.3%)	12.3%	2.37x	15.1x	28.6x	21.6x	1.9x
Product									
Distribution	6	\$67,452	0.9%	(3.0%)	0.32x	9.0x	15.2x	12.1x	1.3x
Pharmacy Management	1	411	11.0%	(72.6%)	0.19x	12.2x	NM	31.2x	1.2x
Total / Average	7	\$67,863	5.9%	(37.8%)	0.25x	10.6x	15.2x	21.7x	1.3x
Healthcare REITS	15	\$112,574	0.3%	26.5%	14.19x	21.2x	31.3x	45.4x	NM
Total / Average (\$MM)	110	\$953,468	3.9%	0.4%	2.41x	14.7x	22.9x	21.8x	1.7x

Healthcare Services Sector Update

Market Indices	Value at	% Change			
	10/31/2019	1 mo	YTD	12 mo	36 mo
S&P 500	3,037.6	(0.3%)	21.2%	12.0%	42.9%
NASDAQ Composite Index	8,292.4	(0.1%)	25.0%	13.5%	59.8%
Russell 2000 Index	1,562.5	(0.7%)	15.9%	3.4%	31.1%
S&P Composite 1500 Health Care Facilities (Sub Ind)	334.3	(1.0%)	12.0%	1.9%	55.5%
S&P Composite 1500 Health Care Providers & Services (Industry)	909.5	(0.9%)	3.3%	(4.9%)	51.7%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,581.1	(1.0%)	1.8%	(5.3%)	81.9%
S&P Health Care Services Select Industry Index	9,662.0	(1.4%)	3.1%	(9.4%)	28.5%

Interest Rates	Value at	1 mo	3 mo	12 mo
	10/31/2019	ago	ago	ago
LIBOR - USD - 6 months	1.92%	1.92%	2.04%	2.89%
U.S. Treasury - 2 years	1.52%	1.61%	1.50%	2.80%
U.S. Treasury - 5 years	1.52%	1.65%	1.40%	2.85%
U.S. Treasury - 10 years	1.69%	1.80%	1.51%	3.02%
U.S. Treasury - 30 years	2.18%	2.28%	1.97%	3.31%
U.S. Prime Rate	4.75%	5.00%	5.25%	5.25%

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	34	\$842,416	30.9%	88.4%	3.9%	17.7%	6.8%	56.7%
\$1 billion - \$5 billion	44	98,577	40.0%	10.3%	4.7%	18.0%	11.4%	85.3%
\$250 million - \$1 billion	20	11,138	18.2%	1.2%	6.3%	5.8%	(6.4%)	29.8%
\$100 million - \$250 million	6	1,050	5.5%	0.1%	2.2%	29.5%	7.1%	33.4%
< \$100 million	6	286	5.5%	0.0%	7.1%	15.8%	(13.2%)	(42.7%)
Total / Average (\$MM)	110	\$953,468	100.0%	100.0%	4.9%	17.4%	1.1%	32.5%

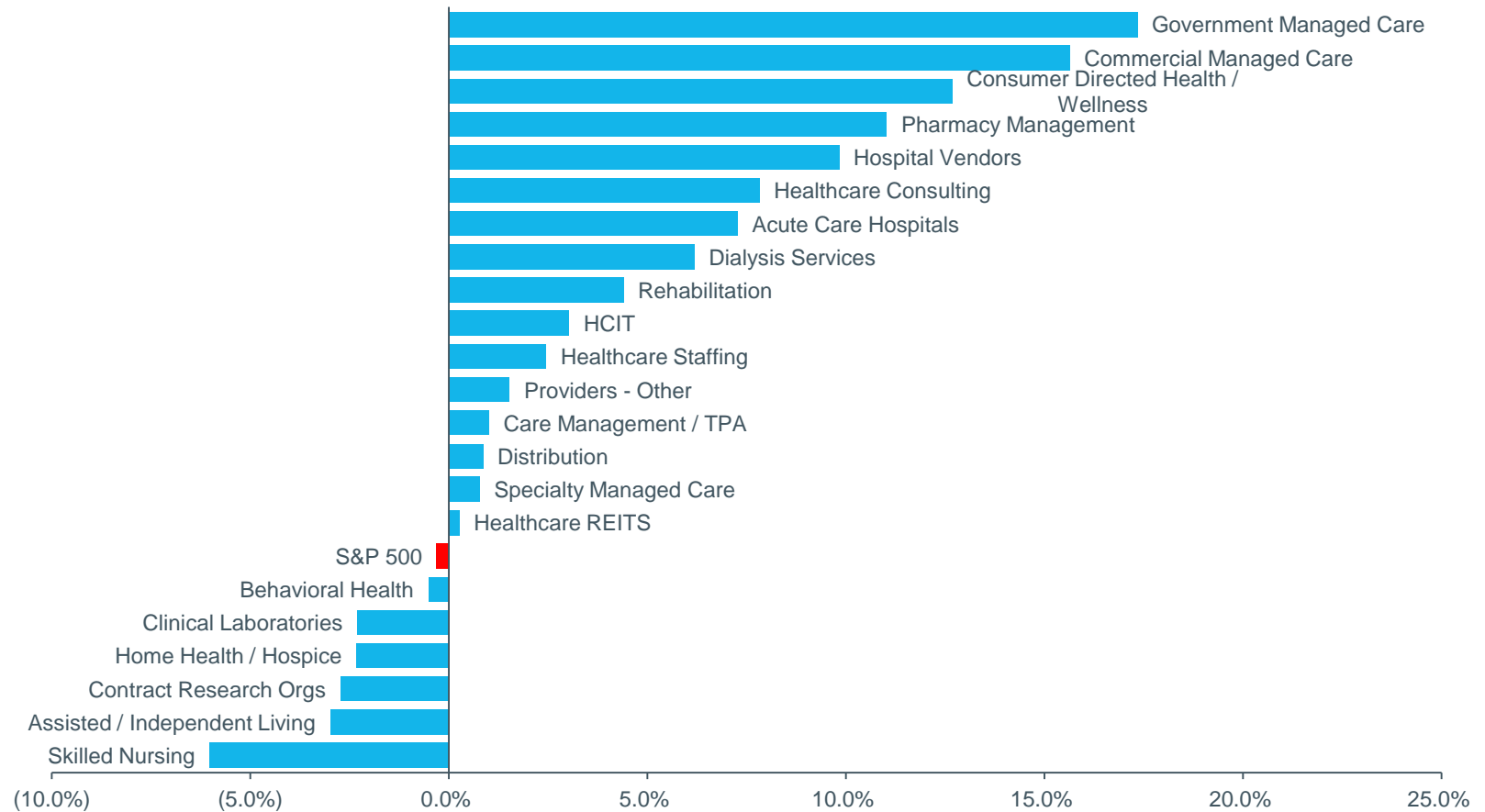
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



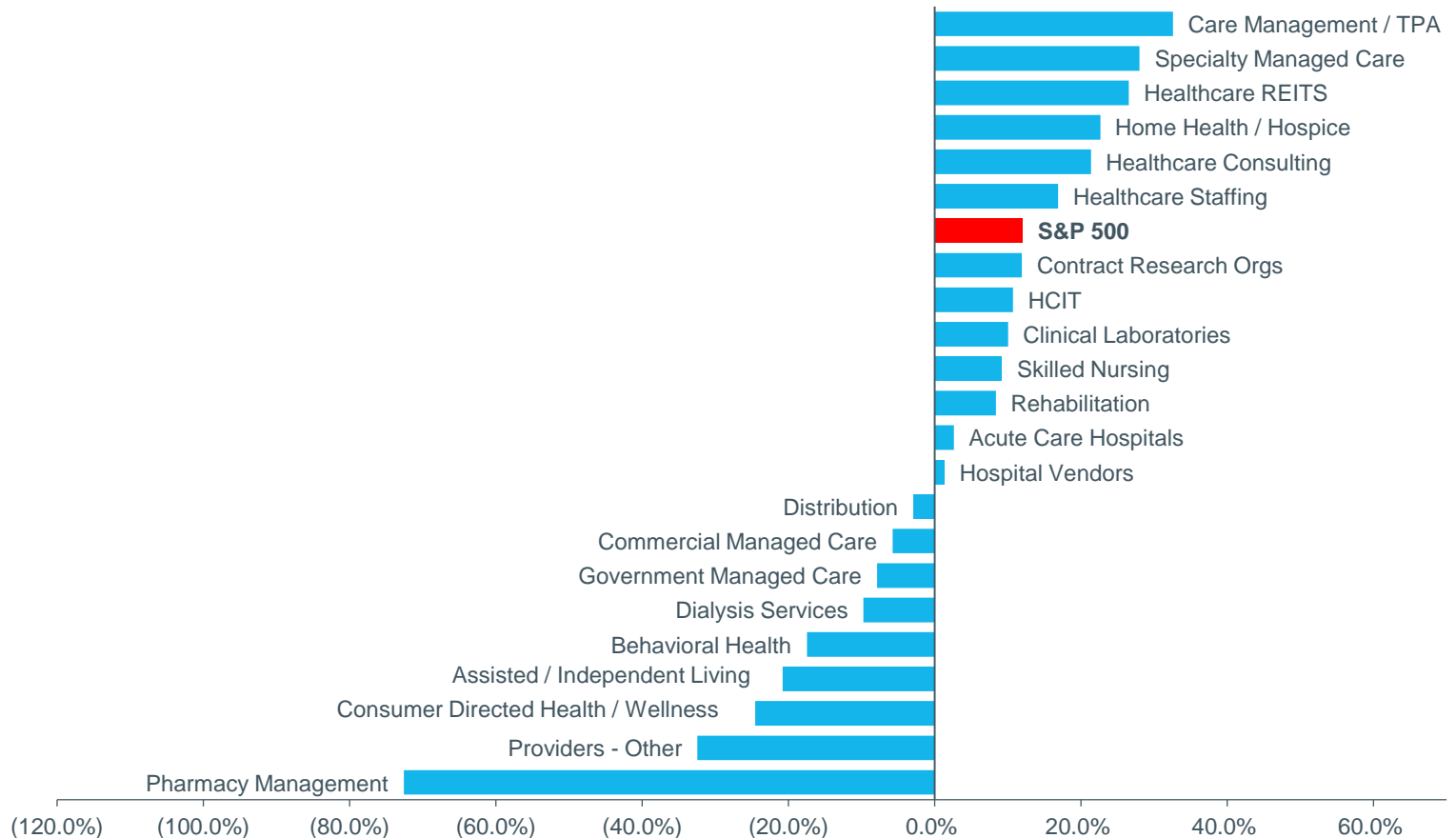
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

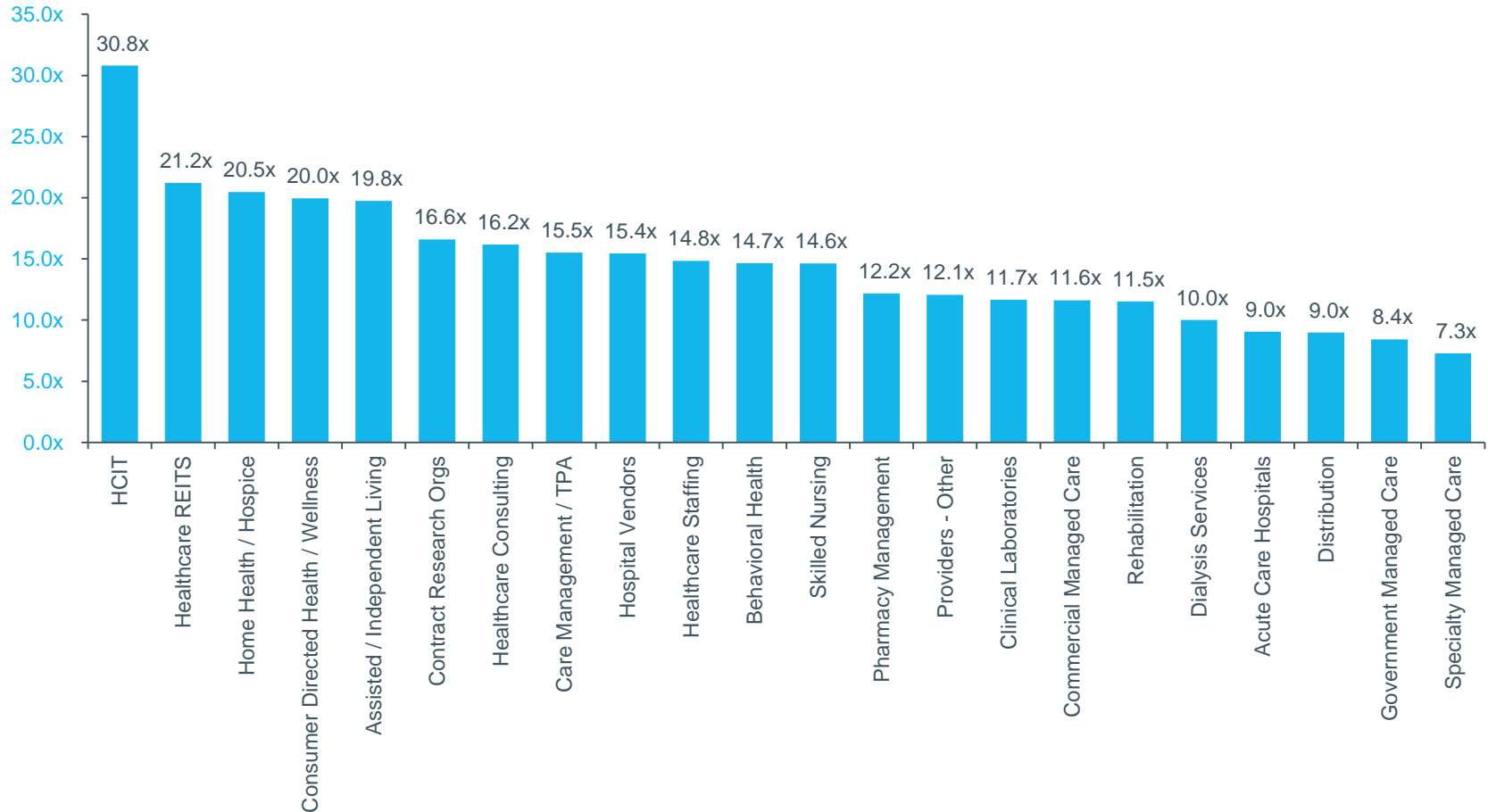
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of October 30 2019, 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 October trading multiples for individual healthcare services companies, please contact one of our professionals below.

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