

INDUSTRY INSIGHTS

Healthcare Services Sector Update

April 2020



Q Highlights

The **S&P Healthcare Services Index** increased 10.9% over the last month, in line with the S&P 500 Index, which increased 12.7% over the same period.

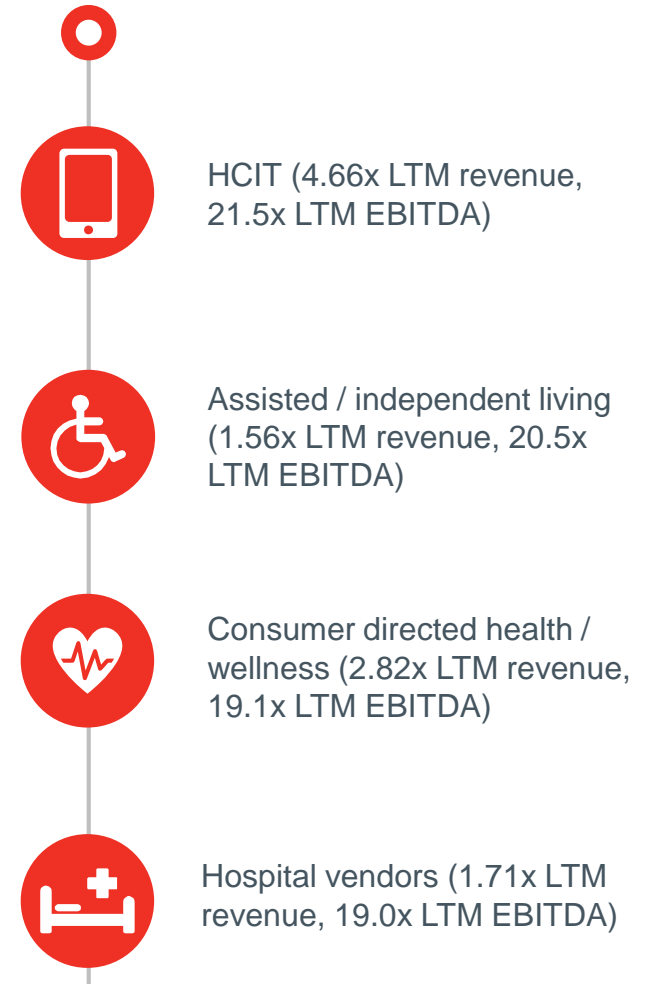
Over the past month:

The sectors experiencing the most growth were providers - other (up 33.4%), behavioral health (up 30.4%) and clinical laboratories (up 25.8%).

The sectors experiencing the largest declines were healthcare staffing (down 9.3%) and skilled nursing (down 4.2%).

The current average LTM revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.69x and 9.5x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update .o

Market Sector	# of Companies	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio
			1 mo	12 mo	Rev	EBITDA	LTM	2020E	2020E
Providers									
Acute Care Hospitals	4	\$48,697	18.0%	(13.9%)	1.21x	8.5x	12.7x	14.6x	1.5x
Assisted / Independent Living	3	795	11.1%	(43.6%)	1.56x	20.5x	NM	NM	NM
Behavioral Health	2	3,648	30.4%	(20.1%)	1.07x	10.8x	23.0x	20.5x	1.1x
Dialysis Services	3	32,813	15.4%	7.5%	1.77x	10.1x	17.2x	13.2x	1.3x
Healthcare Staffing	2	2,433	(9.3%)	(9.9%)	0.84x	14.0x	19.6x	22.7x	2.0x
Home Health/Hospice	6	19,239	1.0%	27.5%	2.30x	18.6x	40.0x	33.4x	2.3x
Rehabilitation	4	9,947	7.0%	2.2%	2.44x	12.7x	21.4x	27.0x	2.1x
Skilled Nursing	3	3,151	(4.2%)	(21.6%)	1.21x	18.1x	15.6x	15.2x	1.0x
Providers - Other	3	2,501	33.4%	(16.2%)	4.46x	10.9x	48.7x	5.3x	0.8x
Payors / Managed Care									
Commercial Managed Care	5	\$473,152	16.8%	24.8%	2.37x	12.3x	17.4x	15.5x	1.1x
Government Managed Care	2	48,535	15.8%	28.6%	0.59x	11.8x	25.1x	13.9x	1.1x
Specialty Managed Care	2	1,058,237	0.0%	0.1%	0.47x	6.0x	11.2x	8.9x	0.6x
Consumer Directed Health / Wellness	5	\$6,675	8.1%	(12.0%)	2.82x	19.1x	NM	19.9x	1.0x
HCIT	23	\$62,116	10.1%	40.0%	4.66x	21.5x	33.8x	27.0x	5.0x
Other Outsourced Services									
Care Management / Third-Party Administrator	4	\$8,357	0.4%	16.2%	1.48x	13.0x	25.8x	18.8x	1.6x
Clinical Laboratories	6	41,607	25.8%	5.7%	4.56x	11.2x	21.0x	31.4x	3.7x
Contract Research Orgs	6	63,097	23.8%	5.5%	2.92x	17.3x	27.2x	23.1x	3.5x
Hospital Vendors	4	6,466	3.2%	(17.4%)	1.71x	19.0x	20.6x	42.6x	2.6x
Healthcare Consulting	1	1,209	22.3%	16.0%	1.77x	15.1x	NM	27.7x	2.0x
Product									
Distribution	6	\$68,587	2.5%	11.0%	0.57x	9.8x	25.8x	14.5x	2.2x
Healthcare REITS	15	\$72,440	6.7%	(23.8%)	11.42x	17.2x	26.7x	34.0x	NM

Healthcare Services Sector Update

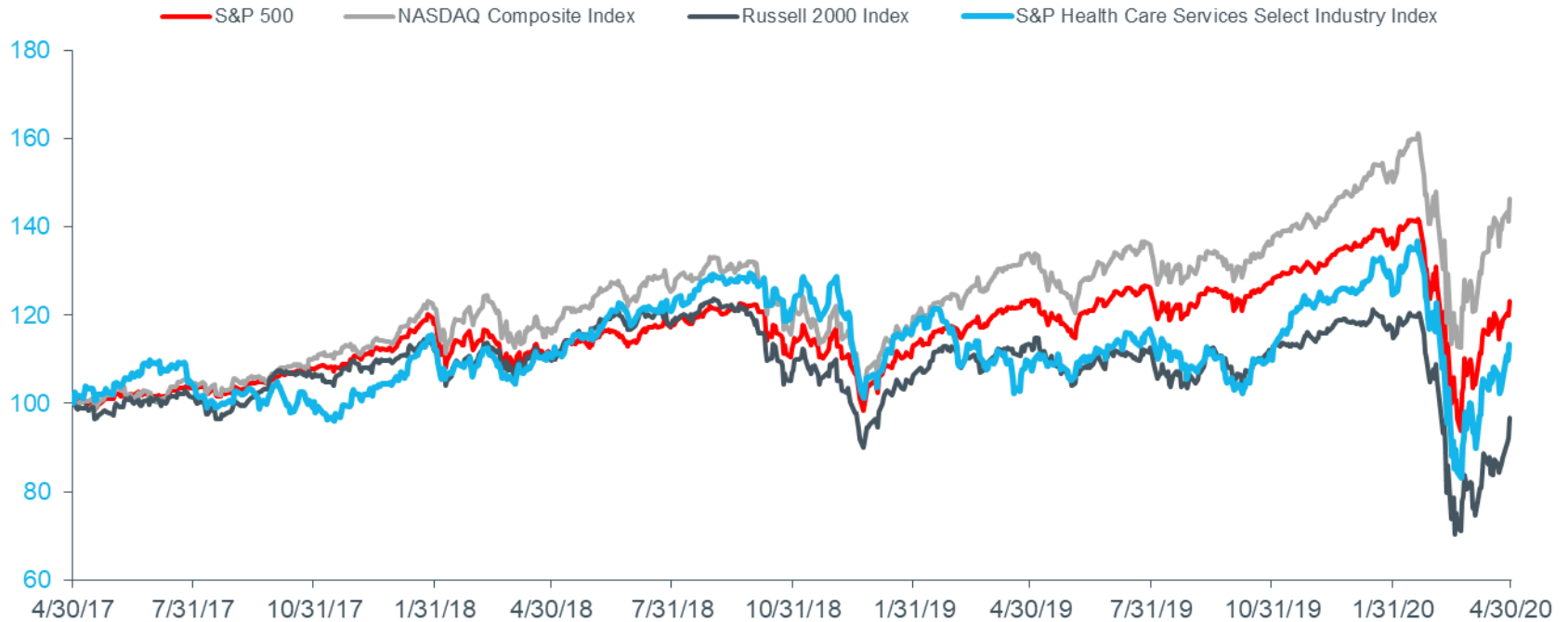
Market Indices	Value at	% Change			
	4/30/2020	1 mo	YTD	12 mo	36 mo
S&P 500	2,912.4	12.7%	(9.9%)	(1.1%)	22.2%
NASDAQ Composite Index	8,889.6	15.4%	(0.9%)	9.8%	47.0%
Russell 2000 Index	1,310.7	13.7%	(21.4%)	(17.6%)	(6.4%)
S&P Composite 1500 Health Care Facilities (Sub Ind)	277.9	16.3%	(25.1%)	(12.3%)	15.1%
S&P Composite 1500 Health Care Providers & Services (Industry)	980.0	14.2%	(5.3%)	16.7%	37.5%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,833.5	18.2%	(0.5%)	24.2%	65.0%
S&P Health Care Services Select Industry Index	9,748.4	10.9%	(12.2%)	2.1%	11.4%

Interest Rates	Value at	1 mo	3 mo	12 mo
	4/30/2020	ago	ago	ago
LIBOR - USD - 6 months	0.76%	1.18%	1.75%	2.62%
U.S. Treasury - 2 years	0.20%	0.23%	1.33%	2.27%
U.S. Treasury - 5 years	0.34%	0.37%	1.33%	2.28%
U.S. Treasury - 10 years	0.62%	0.70%	1.52%	2.51%
U.S. Treasury - 30 years	1.27%	1.35%	2.01%	2.94%
U.S. Prime Rate	3.25%	3.25%	4.75%	5.50%

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	34	\$879,275	30.6%	89.2%	12.3%	(4.9%)	12.7%	51.7%
\$1 billion - \$5 billion	39	89,865	35.1%	9.1%	10.3%	(14.8%)	(4.5%)	47.6%
\$250 million - \$1 billion	25	14,717	22.5%	1.5%	16.9%	(12.6%)	2.5%	(15.4%)
\$100 million - \$250 million	7	1,178	6.3%	0.1%	8.1%	(26.9%)	(27.8%)	34.9%
< \$100 million	6	289	5.4%	0.0%	6.7%	(28.5%)	(20.5%)	(46.3%)
Total / Average (\$MM)	111	\$985,324	100.0%	100.0%	10.8%	(17.5%)	(7.5%)	14.5%

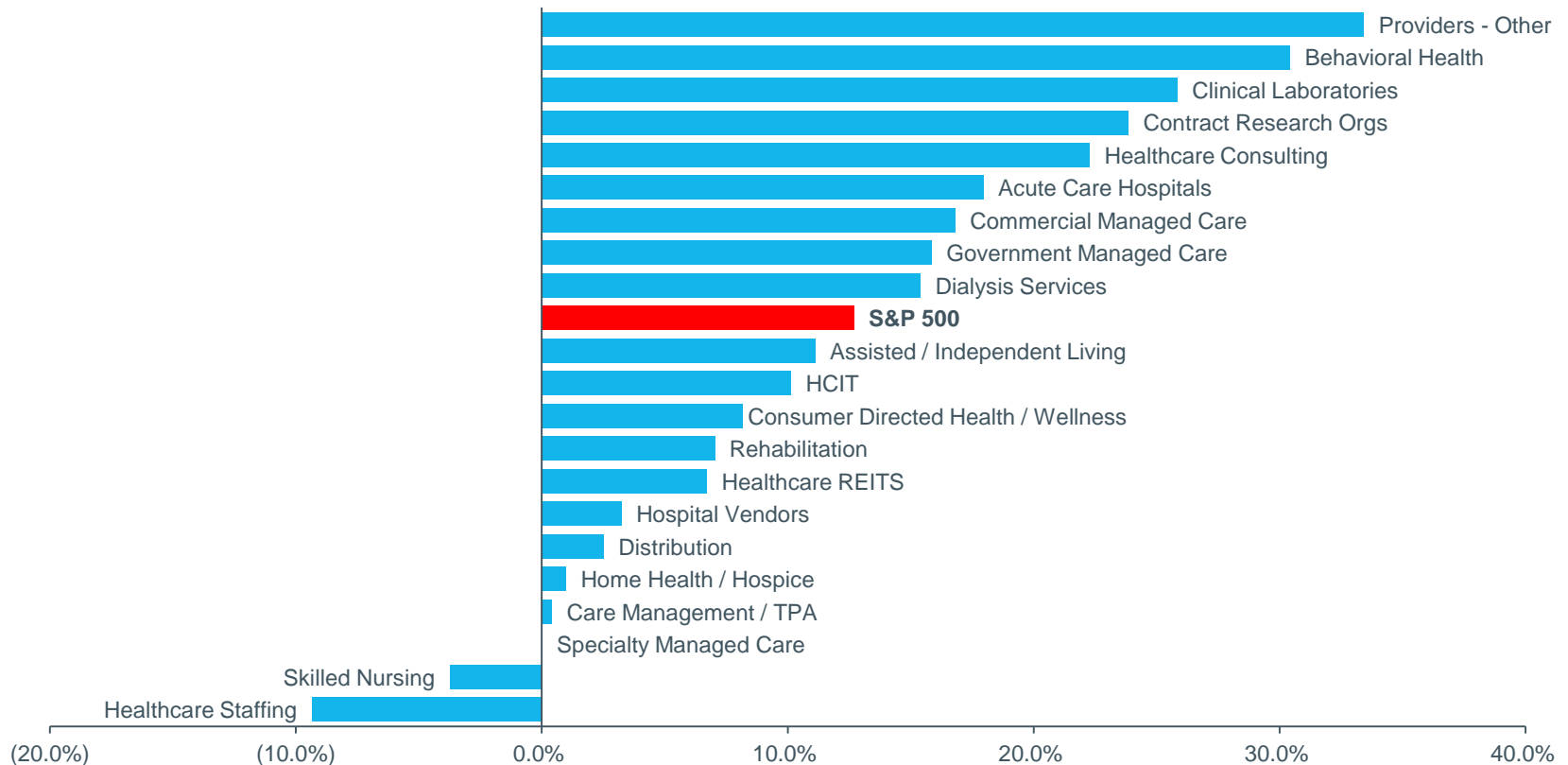
Healthcare Services Market Performance

Performance of Market Indices for Last 36 Months



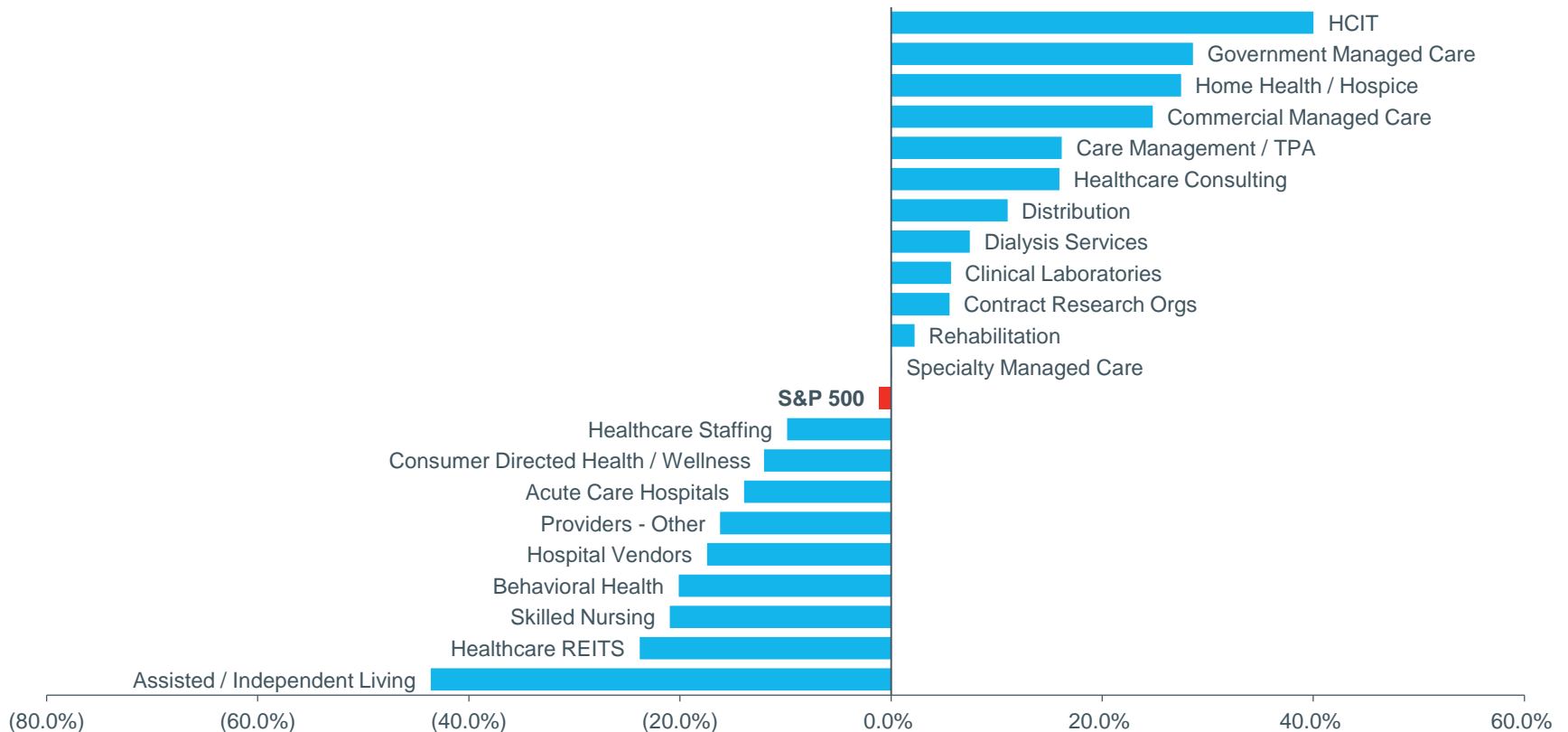
Healthcare Services Sector Change

Average % - 1 Month Change



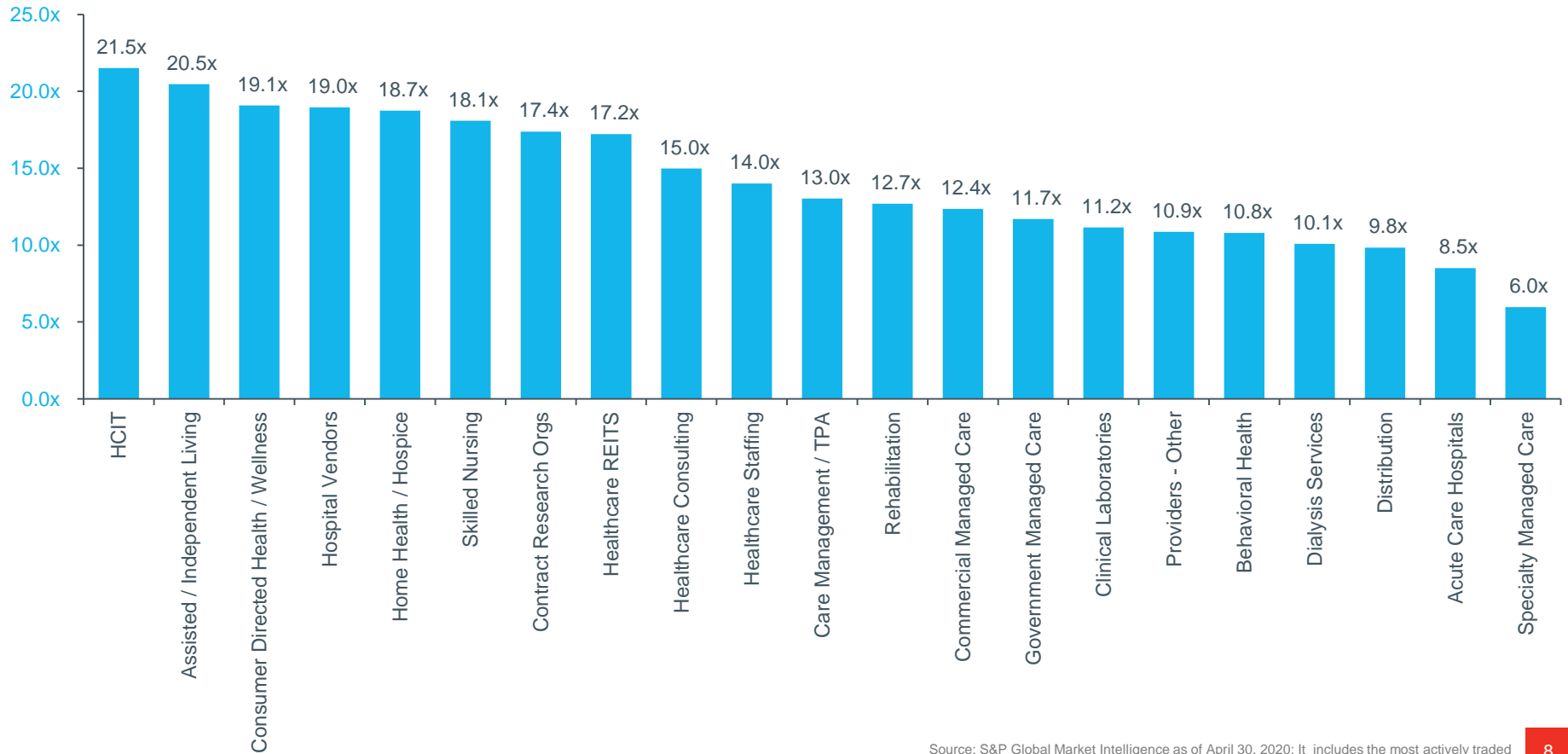
Healthcare Services Sector Change

Average % - 12 Month Change



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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