

INDUSTRY INSIGHTS

Healthcare Services Sector Update

January 2019



Q Highlights

The **S&P Healthcare Services** Index increased 11.4% over the last month, as compared to S&P 500, which increased 8.8% over the same period.

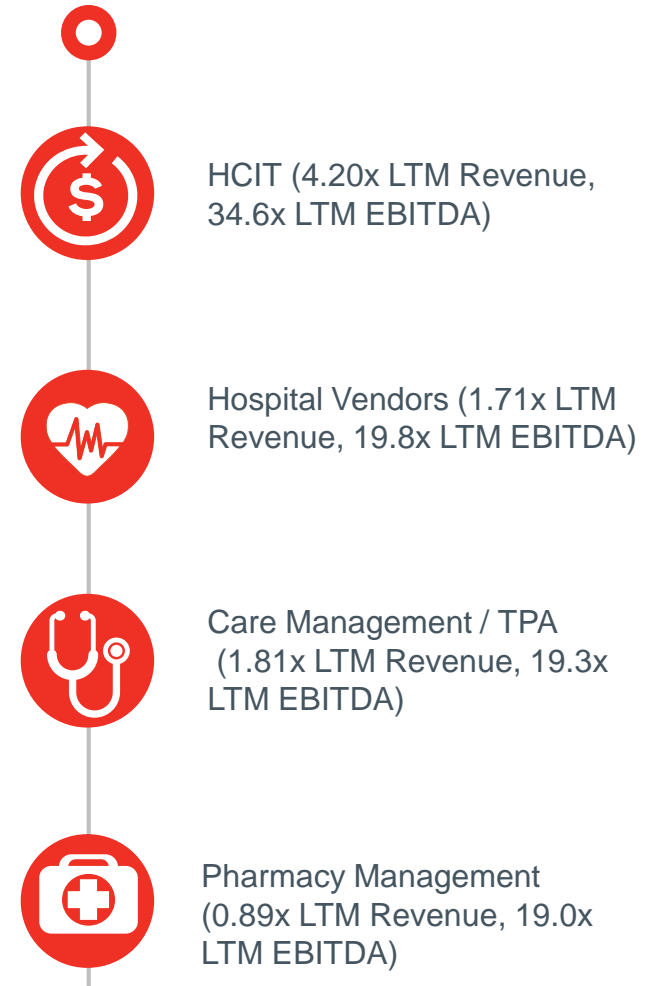
Over the past month:

The sectors experiencing the most growth were Assisted / Independent Living (up 20.0%), Providers – Other (up 16.5%) and Care Management / TPA (up 16.5%)

The sectors experiencing least growth were Healthcare Consulting (up 1.2%), Pharmacy Management (up 5.9%) and Rehabilitation (up 6.2%)

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.21x and 14.4x 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	2019E	
Providers									
Acute Care Hospitals	4	\$62,945	13.1%	31.0%	1.33x	10.7x	14.0x	12.8x	0.9x
Assisted / Independent Living	3	1,786	20.0%	(17.9%)	1.43x	13.4x	NM	NM	NM
Behavioral Health	3	4,055	10.6%	(26.3%)	1.11x	10.1x	13.0x	13.5x	1.1x
Dialysis Services	3	32,238	12.8%	(30.1%)	1.62x	8.6x	16.1x	16.3x	1.3x
Healthcare Staffing	2	3,386	16.1%	15.4%	1.07x	12.9x	16.4x	25.4x	1.8x
Home Health / Hospice	6	14,495	7.9%	65.7%	1.75x	14.4x	36.8x	24.5x	1.7x
Rehabilitation	4	10,182	6.2%	20.5%	2.64x	14.2x	15.1x	28.1x	1.9x
Skilled Nursing	4	3,683	10.1%	67.0%	0.87x	10.3x	25.0x	20.6x	1.4x
Providers - Other	3	4,498	16.5%	(19.6%)	1.72x	11.0x	9.7x	26.5x	2.0x
Total / Average	32	\$137,268	12.6%	11.7%	1.50x	11.7x	18.3x	21.0x	1.5x
Payors / Managed Care									
Commercial Managed Care	4	\$456,783	9.0%	12.1%	1.20x	13.8x	22.5x	15.9x	1.1x
Government Managed Care	3	49,040	14.5%	28.5%	0.46x	10.5x	30.6x	16.8x	1.2x
Specialty Managed Care	2	6,450	8.4%	4.1%	0.52x	9.5x	10.5x	10.8x	1.0x
Total / Average	9	\$512,273	9.6%	13.5%	0.73x	11.3x	21.2x	14.5x	1.1x
Consumer Directed Health / Wellness									
HCIT	20	\$52,409	7.1%	11.1%	4.20x	34.6x	31.4x	31.6x	2.0x
Other Outsourced Services									
Care Management / TPA	5	\$8,249	16.5%	47.7%	1.81x	19.3x	31.2x	24.0x	1.7x
Clinical Laboratories	6	35,293	7.6%	(11.6%)	3.03x	11.0x	15.3x	14.9x	2.2x
Contract Research Orgs	5	51,244	12.9%	24.8%	3.20x	17.5x	30.6x	19.7x	1.4x
Hospital Vendors	4	7,291	15.0%	(32.1%)	1.71x	19.8x	25.7x	18.3x	1.6x
Healthcare Consulting	2	2,149	1.2%	23.4%	1.31x	10.7x	15.8x	23.8x	1.7x
Total / Average	22	\$104,226	11.3%	10.2%	2.21x	15.6x	23.7x	20.1x	1.7x
Product									
Distribution	6	\$71,941	11.4%	(19.7%)	0.37x	9.8x	20.1x	11.8x	1.7x
Pharmacy Management	2	1,544	5.9%	(23.3%)	0.89x	19.0x	NM	17.1x	0.7x
Total / Average	8	\$73,485	8.6%	(21.5%)	0.63x	14.4x	20.1x	14.4x	1.2x
Healthcare REITS									
Total / Average (\$MM)	113	\$1,000,940	11.3%	9.9%	2.21x	14.4x	21.1x	21.0x	2.4x

Healthcare Services Sector Update ..

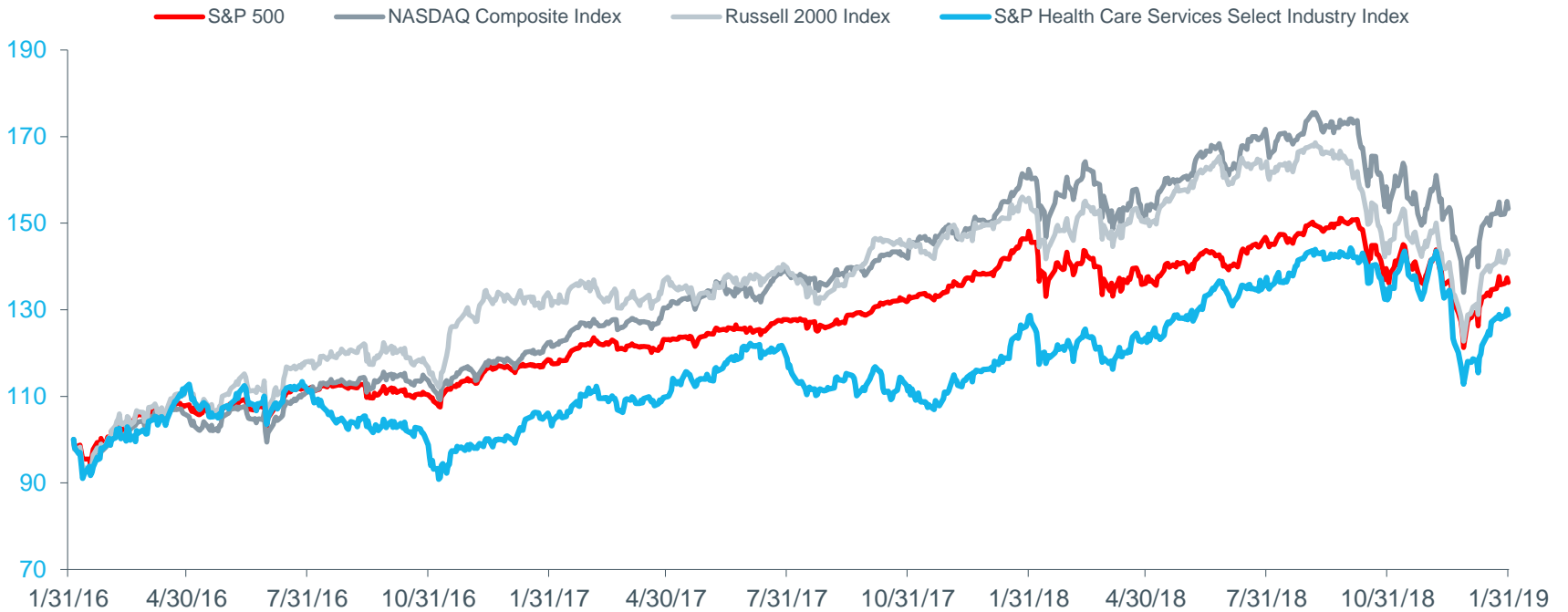
Market Indices	Value at	% Change			
	1/31/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,704.1	8.8%	7.9%	(4.2%)	39.4%
NASDAQ Composite Index	7,281.7	10.6%	9.7%	(1.8%)	57.8%
Russell 2000 Index	1,499.4	12.1%	11.2%	(4.8%)	44.8%
S&P Composite 1500 Health Care Facilities (Sub Ind)	333.7	12.9%	11.8%	25.2%	54.8%
S&P Composite 1500 Health Care Providers & Services (Industry)	956.3	9.7%	8.6%	6.7%	61.5%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,711.7	11.7%	10.2%	13.4%	115.3%
S&P Health Care Services Select Industry Index	10,377.5	11.4%	10.7%	4.8%	32.1%

Interest Rates	Value at	1 mo	3 mo	12 mo
	1/31/2019	ago	ago	ago
LIBOR - USD - 6 months	2.80%	2.87%	2.80%	1.97%
U.S. Treasury - 2 years	2.45%	2.52%	2.84%	2.13%
U.S. Treasury - 5 years	2.44%	2.55%	2.94%	2.50%
U.S. Treasury - 10 years	2.64%	2.74%	3.11%	2.73%
U.S. Treasury - 30 years	3.01%	3.05%	3.36%	2.98%
U.S. Prime Rate	5.50%	5.50%	5.25%	4.50%

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	33	\$876,833	29.2%	87.6%	10.9%	10.9%	9.8%	51.4%
\$1 billion - \$5 billion	44	108,250	38.9%	10.8%	12.5%	12.5%	25.3%	58.5%
\$250 million - \$1 billion	23	14,743	20.4%	1.5%	14.2%	14.2%	0.9%	63.3%
\$100 million - \$250 million	5	761	4.4%	0.1%	9.1%	9.1%	9.9%	26.6%
< \$100 million	8	353	7.1%	0.0%	34.0%	34.0%	(40.5%)	(34.8%)
Total / Average (\$MM)	113	\$1,000,940	100.0%	100.0%	16.1%	16.1%	1.1%	33.0%

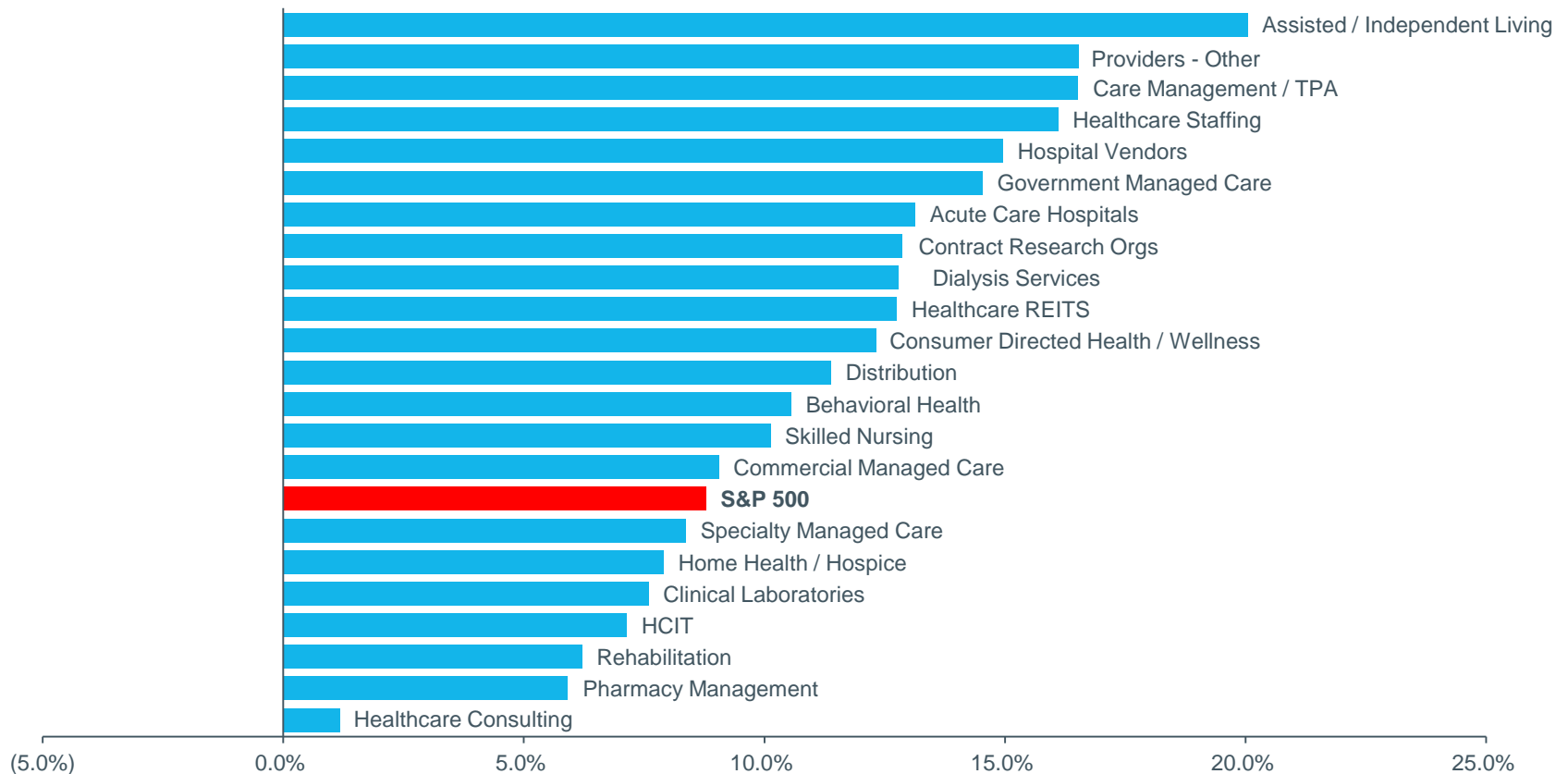
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



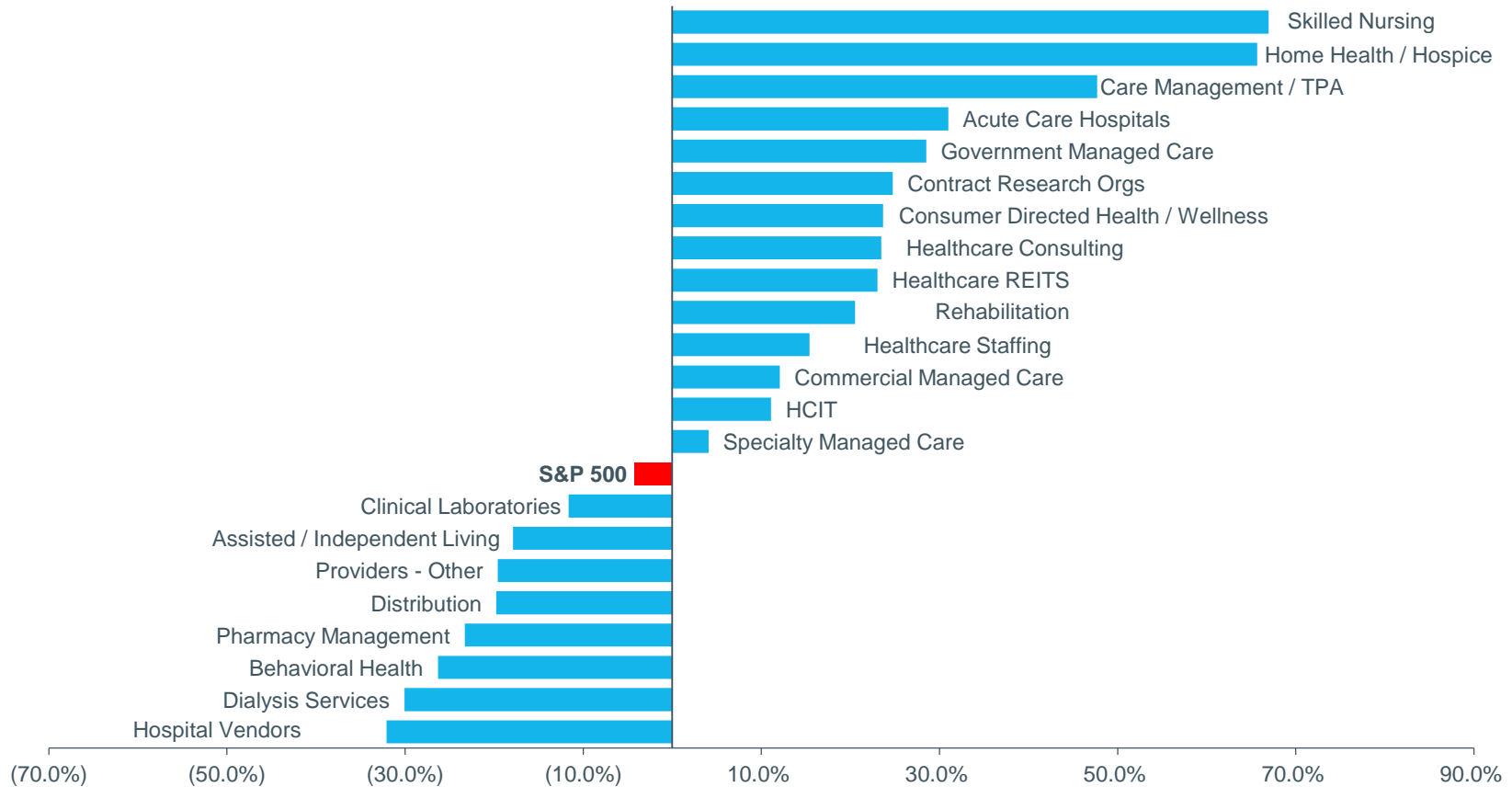
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

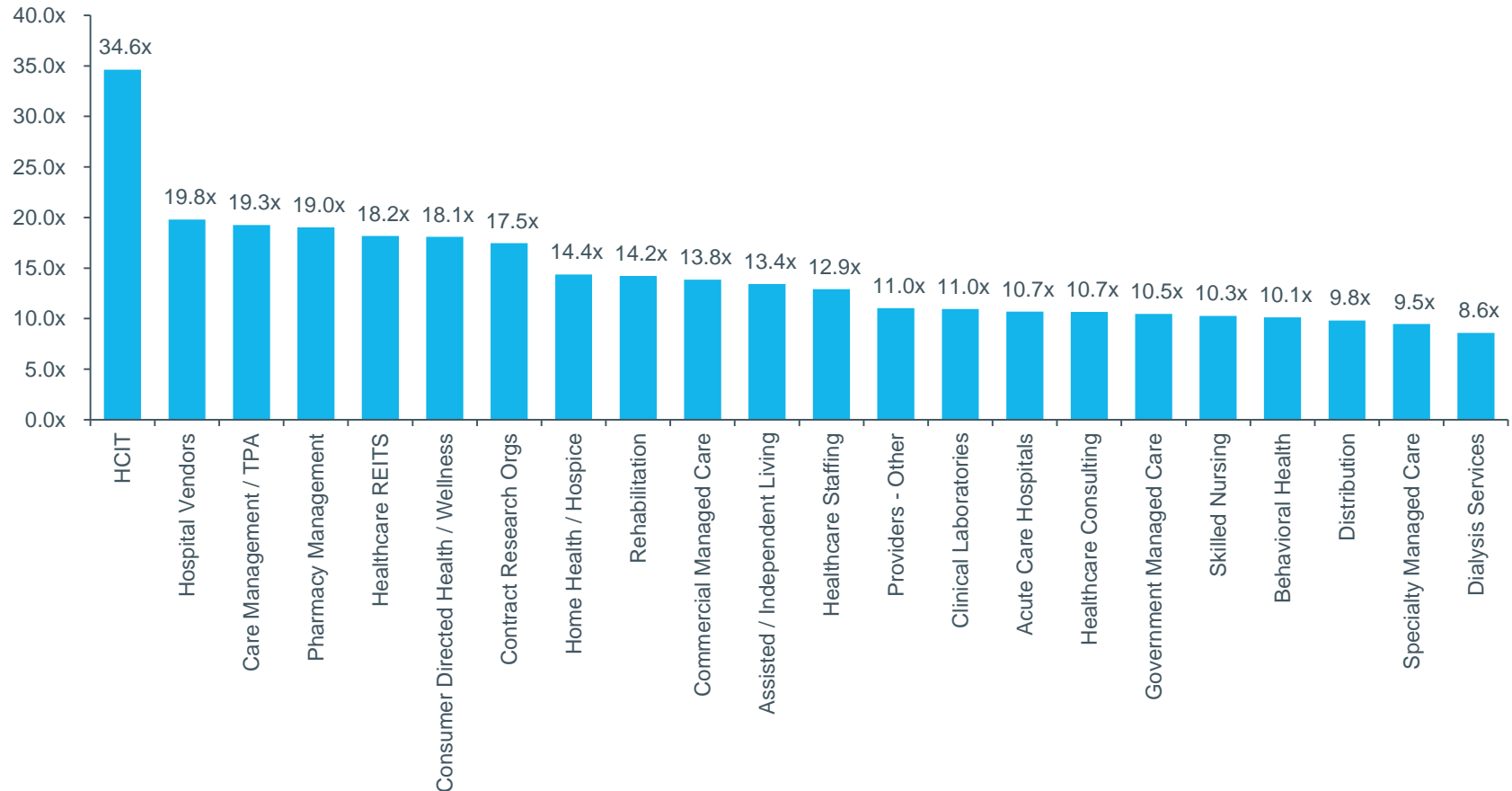
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of January 31 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



Source: S&P Global Market Intelligence as of January 31 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

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

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