

INDUSTRY INSIGHTS

Healthcare Services Sector Update

MAY 2019

Q Highlights

The **S&P Healthcare Services** Index declined 3.0% over the last month, as compared to the S&P 500, which declined 6.6% over the same period.

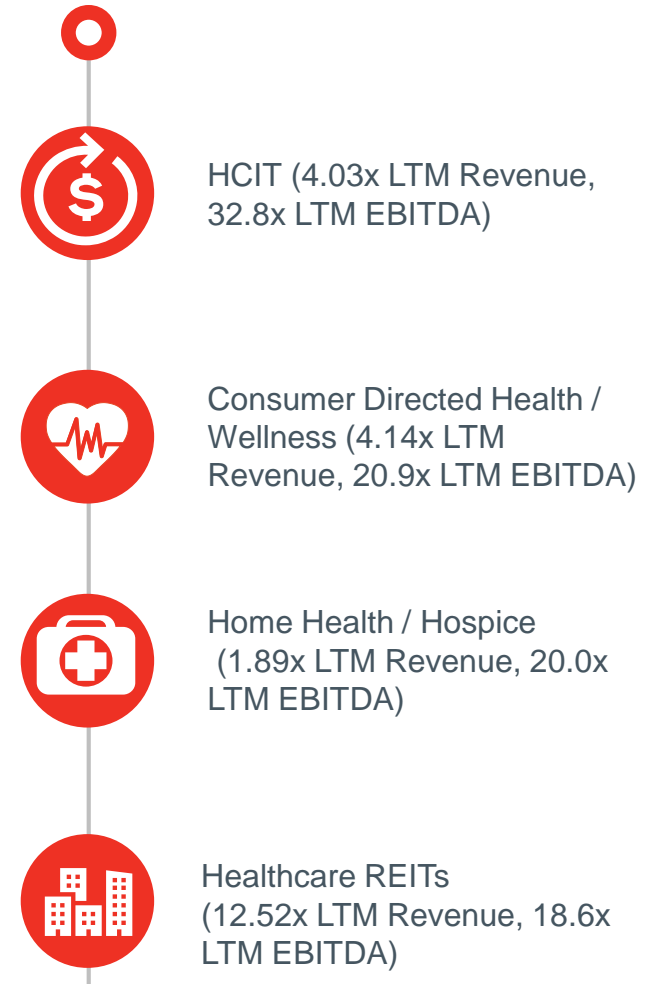
Over the past month:

The sectors experiencing the most growth were Government Managed Care (up 10.1%), Specialty Managed Care (up 5.4%) and Healthcare REITs (up 5.3%).

The sectors experiencing the most decline were Hospital Vendors (down 15.5%), Dialysis Services (15.1%) and Providers – Other (10.8%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.27x 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	2019E	2019E
Providers									
Acute Care Hospitals	4	\$54,543	(5.3%)	12.1%	1.30x	8.8x	12.8x	10.7x	0.9x
Assisted / Independent Living	3	1,308	(0.1%)	(26.1%)	2.12x	18.5x	NM	NM	NM
Behavioral Health	3	4,468	(1.8%)	(23.0%)	0.86x	14.0x	NM	21.0x	1.9x
Dialysis Services	3	29,932	(15.1%)	(26.9%)	1.72x	9.3x	13.3x	12.7x	(0.3x)
Healthcare Staffing	2	2,520	(6.1%)	(17.1%)	0.87x	13.9x	17.6x	16.6x	1.2x
Home Health / Hospice	5	14,119	(2.6%)	24.8%	1.89x	20.0x	34.2x	27.0x	2.0x
Rehabilitation	4	9,373	(6.6%)	(4.3%)	3.43x	14.7x	16.1x	22.4x	1.8x
Skilled Nursing	4	4,183	2.8%	34.2%	1.25x	15.1x	22.3x	23.6x	1.6x
Providers - Other	3	3,130	(10.8%)	(38.4%)	1.79x	12.0x	12.8x	17.8x	1.8x
Total / Average	31	\$123,577	(5.1%)	(7.2%)	1.69x	14.0x	18.4x	19.0x	1.4x
Payors / Managed Care									
Commercial Managed Care	4	\$390,520	1.9%	1.6%	0.97x	12.5x	17.5x	13.4x	1.0x
Government Managed Care	3	46,671	10.1%	19.5%	0.47x	9.2x	20.5x	15.3x	1.1x
Specialty Managed Care	2	6,706	5.4%	3.7%	0.56x	11.8x	21.1x	11.3x	1.1x
Total / Average	9	\$443,897	2.8%	3.5%	0.67x	11.2x	19.7x	13.4x	1.0x
Consumer Directed Health / Wellness	6	\$9,539	(7.5%)	(12.2%)	4.14x	20.9x	9.7x	30.8x	1.6x
HCIT	20	\$52,599	3.6%	20.7%	4.03x	32.8x	35.5x	37.0x	2.4x
Other Outsourced Services									
Care Management / TPA	5	\$8,432	0.7%	59.1%	1.62x	17.0x	20.6x	24.3x	1.7x
Clinical Laboratories	6	39,269	(0.1%)	0.6%	3.44x	11.2x	18.8x	17.0x	2.5x
Contract Research Orgs	5	50,525	(4.1%)	23.2%	2.74x	16.0x	28.9x	18.4x	1.5x
Hospital Vendors	4	6,632	(15.5%)	(21.7%)	1.62x	17.0x	22.2x	23.4x	1.5x
Healthcare Consulting	2	1,933	(0.6%)	7.6%	1.53x	14.5x	46.0x	22.1x	1.6x
Total / Average	22	\$106,792	(2.9%)	14.6%	2.19x	15.1x	27.3x	21.0x	1.8x
Product									
Distribution	6	\$63,849	(0.8%)	(11.4%)	0.33x	9.0x	20.6x	10.9x	1.2x
Pharmacy Management	2	612	(6.3%)	(54.9%)	0.71x	15.4x	NM	12.9x	0.5x
Total / Average	8	\$64,461	(3.6%)	(33.2%)	0.52x	12.2x	20.6x	11.9x	0.9x
Healthcare REITS	16	\$114,396	5.3%	25.2%	12.52x	18.6x	21.4x	45.5x	NM
Total / Average (\$MM)	112	\$915,261	(2.4%)	-0.2%	2.27x	15.1x	21.7x	20.7x	1.4x

Healthcare Services Sector Update ..

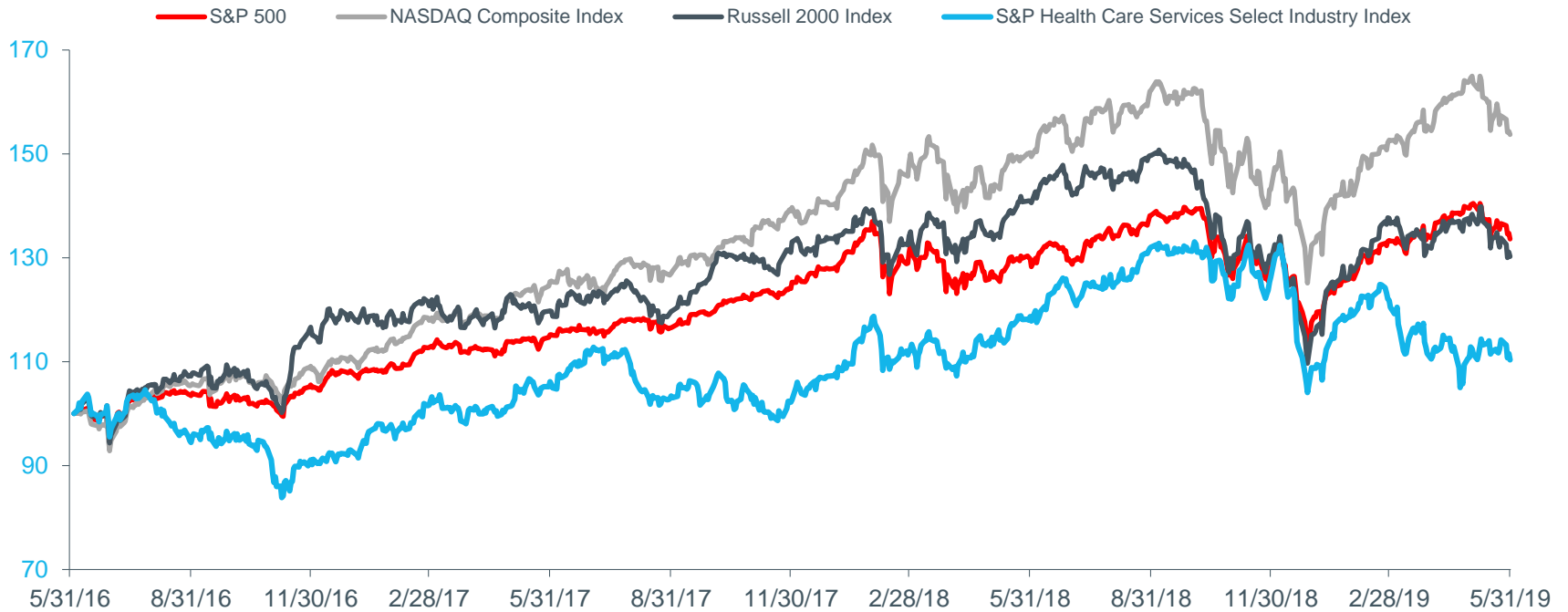
Market Indices	Value at	% Change			
	5/31/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,752.1	(6.6%)	9.8%	1.7%	31.2%
NASDAQ Composite Index	7,453.2	(7.9%)	12.3%	0.1%	50.6%
Russell 2000 Index	1,465.5	(7.9%)	8.7%	(10.3%)	26.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	301.1	(5.0%)	0.9%	5.8%	26.8%
S&P Composite 1500 Health Care Providers & Services (Industry)	840.8	0.1%	(4.5%)	(2.1%)	31.3%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,534.9	4.0%	(1.1%)	4.1%	77.0%
S&P Health Care Services Select Industry Index	9,257.8	(3.0%)	(1.2%)	(8.0%)	8.1%

Interest Rates	Value at	1 mo	3 mo	12 mo
	5/31/2019	ago	ago	ago
LIBOR - USD - 6 months	2.52%	2.62%	2.69%	2.47%
U.S. Treasury - 2 years	1.95%	2.27%	2.52%	2.42%
U.S. Treasury - 5 years	1.94%	2.28%	2.51%	2.68%
U.S. Treasury - 10 years	2.14%	2.51%	2.71%	2.84%
U.S. Treasury - 30 years	2.58%	2.94%	3.09%	3.02%
U.S. Prime Rate	5.50%	5.50%	5.50%	4.75%

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	33	\$801,674	29.5%	87.6%	(0.3%)	7.5%	7.5%	41.2%
\$1 billion - \$5 billion	42	99,205	37.5%	10.8%	(0.7%)	14.5%	18.0%	65.6%
\$250 million - \$1 billion	21	12,741	18.8%	1.4%	(7.6%)	(4.3%)	(20.5%)	12.8%
\$100 million - \$250 million	8	1,352	7.1%	0.1%	(3.1%)	12.0%	2.4%	82.7%
< \$100 million	8	289	7.1%	0.0%	(5.7%)	11.5%	(42.8%)	(30.8%)
Total / Average (\$MM)	112	\$915,261	100.0%	100.0%	(3.5%)	8.2%	(7.1%)	34.3%

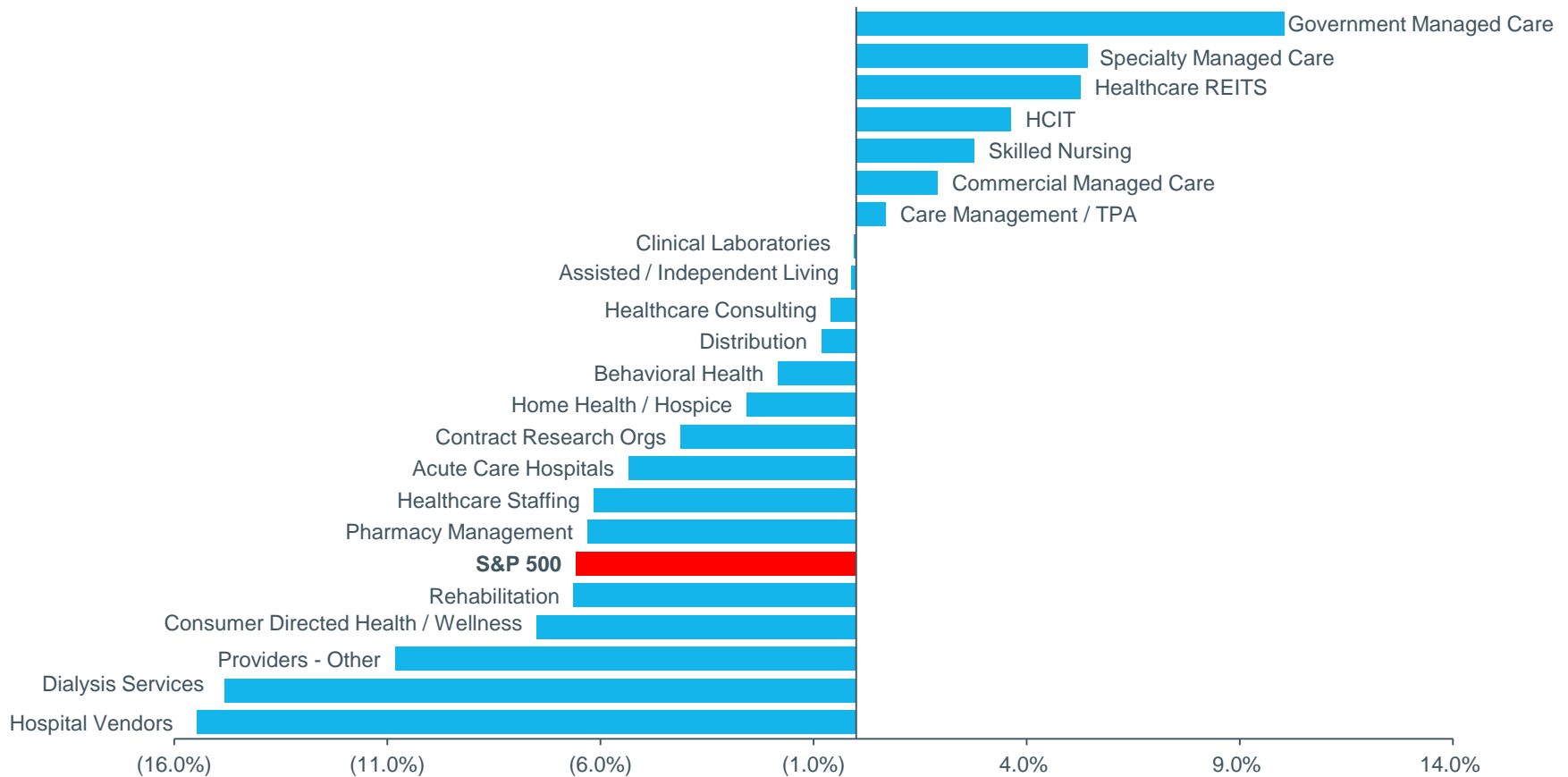
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Healthcare Services Sector Change

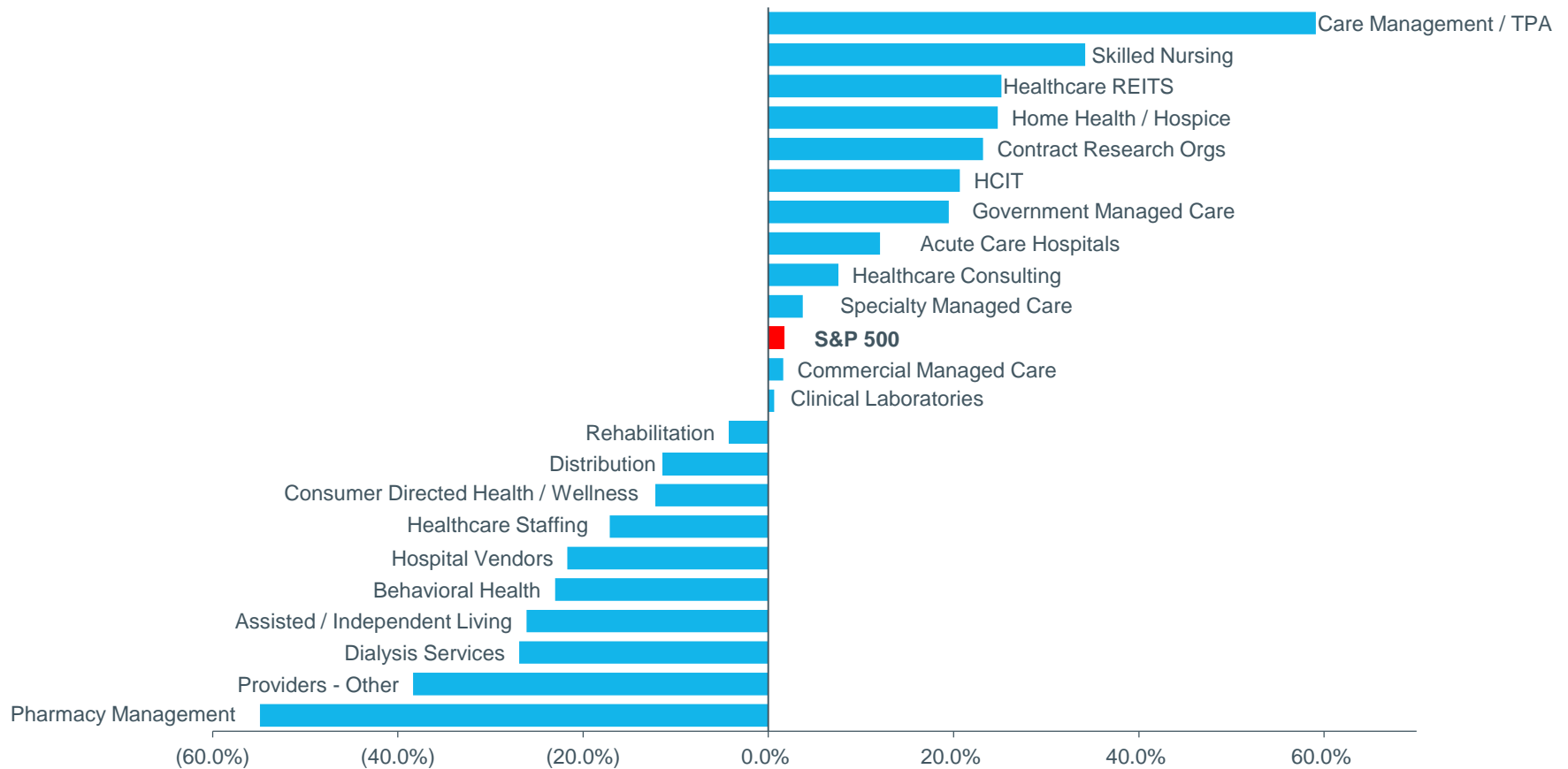
Average % - 1 Month Change



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

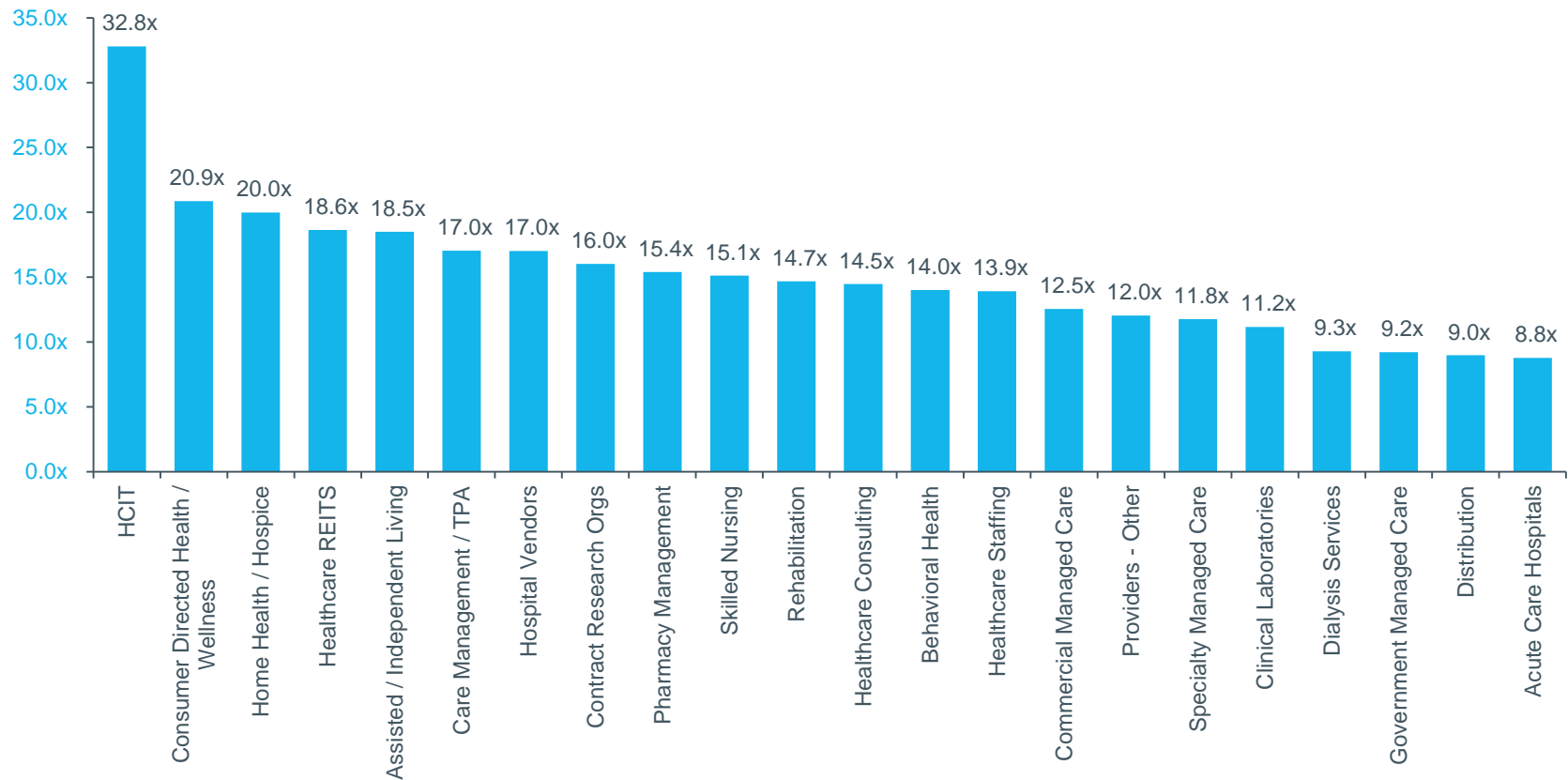
Healthcare Services Sector Change

Average % - 12 Month Change



Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



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

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