

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

November 2019



# Q Highlights

The **S&P Healthcare Services** Index declined 0.6% over the last month, as compared to S&P 500, which increased 0.4% over the same period.

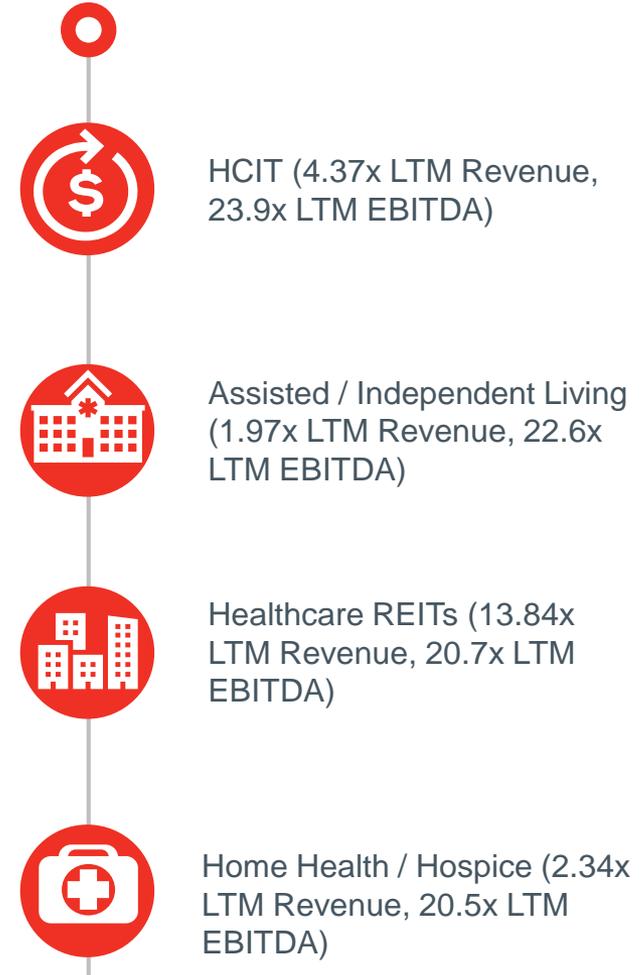
## Over the past month:

The sectors experiencing the most growth were Providers – Other (up 26.2%), Home Health / Hospice (up 13.6%) and Hospital Vendors (up 13.5%).

The sectors experiencing most decline were Pharmacy Management (down 8.4%), Assisted / Independent Living (down 7.0%) and Healthcare REITs (down 5.9%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.5x and 15.4x, 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 2019E
			1 mo	12 mo	Rev	EBITDA	LTM	2019E	
<b>Providers</b>									
Acute Care Hospitals	4	\$62,957	3.3%	(1.5%)	1.36x	9.2x	15.6x	13.2x	1.2x
Assisted / Independent Living	3	1,466	(7.0%)	(19.1%)	1.97x	22.6x	NM	NM	NM
Behavioral Health	2	4,750	11.4%	13.9%	0.34x	15.7x	NM	26.9x	2.3x
Dialysis Services	3	31,552	7.7%	(4.7%)	1.79x	10.2x	18.8x	13.6x	0.7x
Healthcare Staffing	2	3,223	2.4%	(1.2%)	1.13x	14.8x	23.2x	19.3x	1.3x
Home Health / Hospice	5	18,551	13.6%	26.3%	2.34x	20.5x	40.1x	36.0x	2.5x
Rehabilitation	4	11,700	9.6%	3.1%	3.63x	15.8x	21.7x	26.4x	2.7x
Skilled Nursing	3	3,801	4.9%	(1.7%)	1.29x	16.2x	20.0x	19.8x	1.3x
Providers - Other	3	3,813	26.2%	(8.3%)	1.90x	12.8x	28.3x	7.8x	1.1x
<b>Total / Average</b>	<b>29</b>	<b>\$141,814</b>	<b>8.0%</b>	<b>0.8%</b>	<b>1.75x</b>	<b>15.3x</b>	<b>24.0x</b>	<b>20.4x</b>	<b>1.6x</b>
<b>Payors / Managed Care</b>									
Commercial Managed Care	5	\$460,379	10.6%	(1.7%)	3.62x	12.7x	18.1x	16.1x	1.2x
Government Managed Care	3	49,727	10.1%	0.5%	0.48x	9.4x	18.7x	15.3x	1.0x
Specialty Managed Care	2	8,519	6.6%	35.0%	0.58x	8.2x	19.2x	11.4x	0.7x
<b>Total / Average</b>	<b>10</b>	<b>\$518,624</b>	<b>10.5%</b>	<b>(0.9%)</b>	<b>1.56x</b>	<b>10.1x</b>	<b>18.7x</b>	<b>14.3x</b>	<b>1.0x</b>
<b>Consumer Directed Health / Wellness</b>	<b>5</b>	<b>\$8,327</b>	<b>13.0%</b>	<b>(21.7%)</b>	<b>3.31x</b>	<b>19.3x</b>	<b>30.5x</b>	<b>30.7x</b>	<b>1.7x</b>
<b>HCIT</b>	<b>23</b>	<b>\$56,789</b>	<b>9.3%</b>	<b>15.5%</b>	<b>4.37x</b>	<b>23.9x</b>	<b>23.8x</b>	<b>34.9x</b>	<b>2.5x</b>
<b>Other Outsourced Services</b>									
Care Management / TPA	5	\$9,393	7.8%	36.5%	1.71x	18.5x	23.2x	25.5x	1.4x
Clinical Laboratories	6	42,955	4.6%	22.0%	4.08x	11.9x	21.3x	19.0x	2.6x
Contract Research Orgs	5	56,753	4.0%	11.1%	3.01x	17.6x	28.6x	21.5x	1.6x
Hospital Vendors	4	7,674	13.5%	11.8%	1.74x	15.2x	23.8x	23.5x	2.3x
Healthcare Consulting	1	1,456	0.8%	20.4%	2.10x	16.4x	49.3x	25.9x	1.9x
<b>Total / Average</b>	<b>21</b>	<b>\$118,231</b>	<b>5.1%</b>	<b>17.2%</b>	<b>2.53x</b>	<b>15.9x</b>	<b>29.2x</b>	<b>23.1x</b>	<b>2.0x</b>
<b>Product</b>									
Distribution	6	\$72,986	6.4%	1.8%	0.52x	9.4x	18.2x	13.2x	1.4x
Pharmacy Management	1	390	(8.4%)	(66.7%)	0.19x	17.8x	NM	57.2x	2.3x
<b>Total / Average</b>	<b>7</b>	<b>\$73,376</b>	<b>(1.0%)</b>	<b>(32.5%)</b>	<b>0.36x</b>	<b>13.6x</b>	<b>18.2x</b>	<b>35.2x</b>	<b>1.8x</b>
<b>Healthcare REITS</b>	<b>15</b>	<b>\$106,996</b>	<b>(5.9%)</b>	<b>9.6%</b>	<b>13.84x</b>	<b>20.7x</b>	<b>30.5x</b>	<b>37.8x</b>	<b>NM</b>
<b>Total / Average (\$MM)</b>	<b>110</b>	<b>\$1,024,158</b>	<b>6.6%</b>	<b>3.7%</b>	<b>2.51x</b>	<b>15.4x</b>	<b>24.9x</b>	<b>23.6x</b>	<b>1.7x</b>

# Healthcare Services Sector Update

Market Indices	Value at	% Change			
	11/30/2019	1 mo	YTD	12 mo	36 mo
S&P 500	3,141.0	(0.4%)	25.3%	13.8%	42.8%
NASDAQ Composite Index	8,665.5	(0.5%)	30.6%	18.2%	62.8%
Russell 2000 Index	1,624.5	(0.6%)	20.5%	6.0%	22.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	352.0	(0.9%)	17.9%	(0.9%)	68.5%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,005.7	(0.3%)	14.2%	(0.7%)	52.1%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,753.1	(0.3%)	12.9%	(1.0%)	75.9%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>10,798.6</b>	<b>(0.6%)</b>	<b>15.2%</b>	<b>(3.7%)</b>	<b>39.5%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	11/30/2019	ago	ago	ago
LIBOR - USD - 6 months	1.90%	1.90%	2.06%	2.87%
U.S. Treasury - 2 years	1.61%	1.63%	1.63%	2.52%
U.S. Treasury - 5 years	1.63%	1.63%	1.54%	2.55%
U.S. Treasury - 10 years	1.78%	1.77%	1.67%	2.74%
U.S. Treasury - 30 years	2.20%	2.19%	2.12%	3.05%
U.S. Prime Rate	4.75%	4.75%	5.00%	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	35	\$909,982	31.5%	88.9%	6.8%	25.8%	8.8%	70.4%
\$1 billion - \$5 billion	43	100,279	38.7%	9.8%	8.4%	25.8%	9.5%	80.6%
\$250 million - \$1 billion	21	12,470	18.9%	1.2%	6.9%	15.0%	(1.0%)	57.7%
\$100 million - \$250 million	7	1,228	6.3%	0.1%	11.2%	50.7%	17.7%	7.5%
< \$100 million	5	198	4.5%	0.0%	(2.4%)	9.4%	10.7%	(38.3%)
<b>Total / Average (\$MM)</b>	<b>111</b>	<b>\$1,024,158</b>	<b>100.0%</b>	<b>100.0%</b>	<b>6.2%</b>	<b>25.3%</b>	<b>9.1%</b>	<b>35.6%</b>

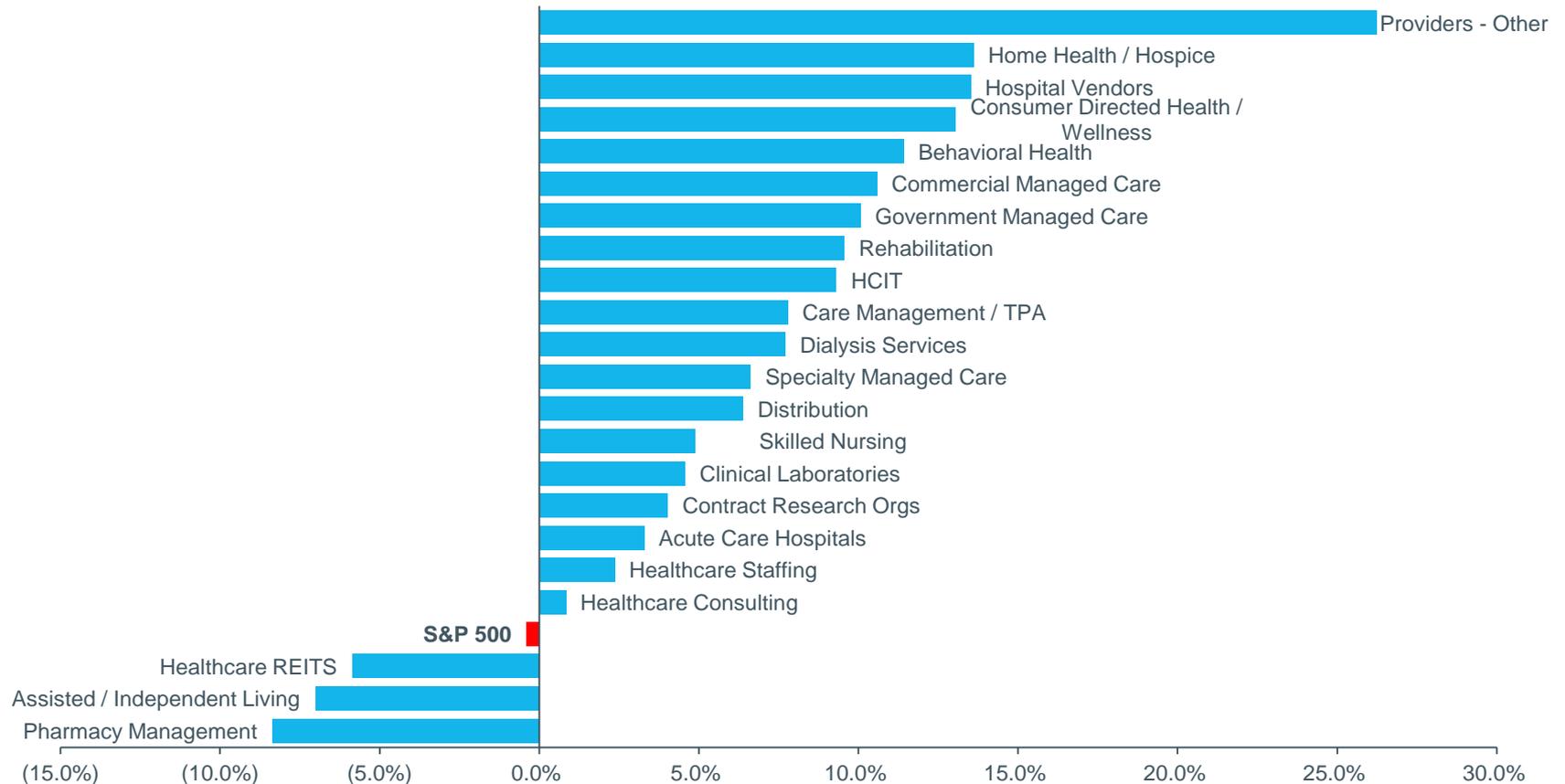
# Healthcare Services Market Performance

## Performance of Market Indices for Latest 36 Months



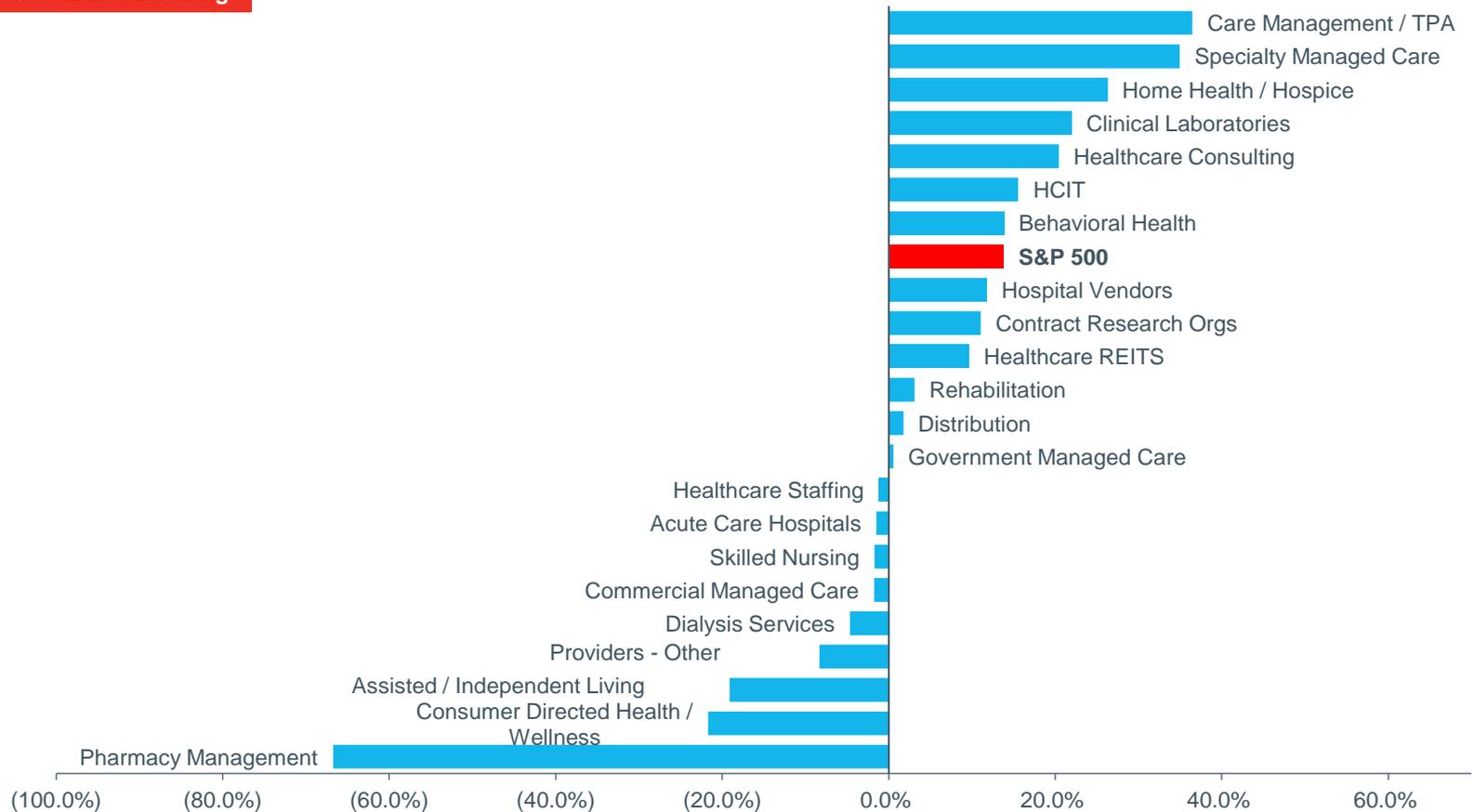
# Healthcare Services Sector Change

Average % - 1 Month Change



# Healthcare Services Sector Change

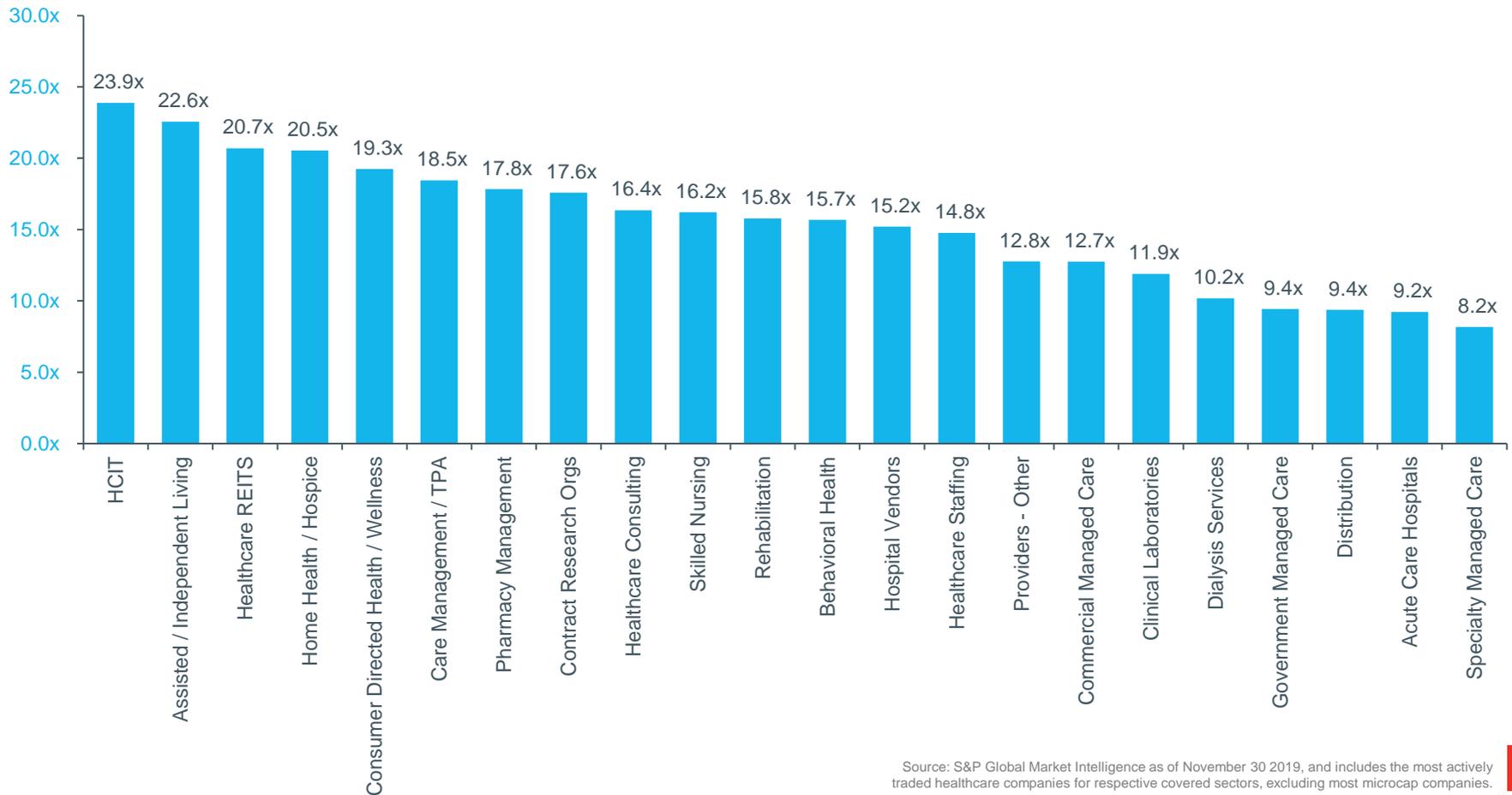
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of November 30 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 November 30 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

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

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