

INDUSTRY INSIGHTS

Healthcare Services Sector Update

March 2019

Q Highlights

The **S&P Healthcare Services** Index declined 5.8% over the last month, as compared to the S&P 500, which increased 1.8% over the same period.

Over the past month:

The sectors experiencing the most growth were Hospital Vendors (up 10.1%), Behavioral Health (up 5.6%) and Contract Research Orgs (up 4.0%).

The sectors experiencing the most decline were Pharmacy Management (down 20.5%), Providers – Other (14.8%) and Specialty Managed Care (8.0%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.27x and 14.3x respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



HCIT (4.14x LTM Revenue, 32.6x LTM EBITDA)



Home Health / Hospice (1.91x LTM Revenue, 19.9x LTM EBITDA)



Consumer Directed Health / Wellness (4.60x LTM Revenue, 19.3x LTM EBITDA)



Healthcare REITS (12.18x LTM Revenue, 18.0x LTM EBITDA)

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	\$60,319	(5.5%)	29.1%	1.32x	8.8x	18.7x	13.0x	0.8x
Assisted / Independent Living	3	1,402	(3.9%)	(8.2%)	1.34x	14.1x	NM	NM	NM
Behavioral Health	3	4,215	5.6%	(30.8%)	1.11x	12.0x	NM	20.8x	2.0x
Dialysis Services	3	33,974	1.4%	(15.0%)	1.57x	8.4x	15.2x	12.3x	2.4x
Healthcare Staffing	2	2,461	(7.3%)	(19.1%)	0.81x	11.1x	16.2x	16.0x	1.2x
Home Health / Hospice	5	14,221	(1.7%)	56.3%	1.91x	19.9x	38.7x	27.4x	2.0x
Rehabilitation	4	9,229	(5.4%)	4.8%	3.28x	13.6x	16.9x	22.1x	1.7x
Skilled Nursing	4	4,032	0.6%	70.7%	0.89x	10.1x	24.9x	23.3x	1.6x
Providers - Other	3	3,504	(14.8%)	(41.9%)	1.65x	11.2x	14.0x	18.8x	1.8x
Total / Average	31	\$133,357	(3.4%)	5.1%	1.54x	12.1x	20.6x	19.2x	1.7x
Payors / Managed Care									
Commercial Managed Care	4	\$408,283	(1.4%)	13.9%	1.23x	14.8x	19.4x	14.2x	1.0x
Government Managed Care	3	44,400	(3.3%)	26.7%	0.47x	9.3x	22.0x	15.6x	1.1x
Specialty Managed Care	2	6,377	(8.0%)	2.5%	0.56x	12.3x	23.8x	11.4x	1.2x
Total / Average	9	\$459,061	(1.7%)	14.9%	0.75x	12.1x	21.7x	13.7x	1.1x
Consumer Directed Health / Wellness	6	\$10,579	(1.8%)	20.8%	4.60x	19.3x	27.1x	29.5x	1.6x
HCIT	20	\$46,437	(2.7%)	19.3%	4.14x	32.6x	34.6x	33.1x	2.3x
Other Outsourced Services									
Care Management / TPA	5	\$8,279	0.3%	67.0%	1.71x	17.4x	21.2x	26.2x	1.8x
Clinical Laboratories	6	37,671	3.9%	17.8%	4.19x	10.8x	18.5x	15.9x	2.4x
Contract Research Orgs	5	55,252	4.0%	39.3%	2.99x	17.5x	34.1x	20.7x	1.6x
Hospital Vendors	4	7,453	10.1%	(12.7%)	1.68x	16.8x	22.9x	18.4x	1.4x
Healthcare Consulting	2	1,813	(0.6%)	14.0%	1.25x	12.2x	NM	20.9x	1.5x
Total / Average	22	\$110,468	4.0%	30.1%	2.36x	15.0x	24.2x	20.4x	1.7x
Product									
Distribution	6	\$64,992	(6.5%)	(14.8%)	0.33x	9.2x	19.4x	11.3x	1.8x
Pharmacy Management	2	689	(20.5%)	(51.6%)	0.69x	14.7x	NM	16.6x	0.7x
Total / Average	8	\$65,681	(13.5%)	(33.2%)	0.51x	12.0x	19.4x	13.9x	1.2x
Healthcare REITS	16	\$111,625	2.7%	31.4%	12.18x	18.0x	22.3x	41.6x	NM
Total / Average (\$MM)	112	\$937,208	(2.5%)	10.0%	2.27x	14.3x	22.8x	20.4x	1.6x

Healthcare Services Sector Update ..

Market Indices	Value at	% Change			
	3/31/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,834.4	1.8%	13.1%	7.3%	37.6%
NASDAQ Composite Index	7,729.3	2.6%	16.5%	9.4%	58.7%
Russell 2000 Index	1,539.7	(2.3%)	14.2%	0.7%	38.2%
S&P Composite 1500 Health Care Facilities (Sub Ind)	322.1	(4.8%)	7.9%	21.3%	38.4%
S&P Composite 1500 Health Care Providers & Services (Industry)	866.6	(3.1%)	(1.6%)	6.8%	38.3%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,569.0	(0.9%)	1.0%	15.3%	80.3%
S&P Health Care Services Select Industry Index	9,628.4	(5.8%)	2.7%	3.1%	16.5%

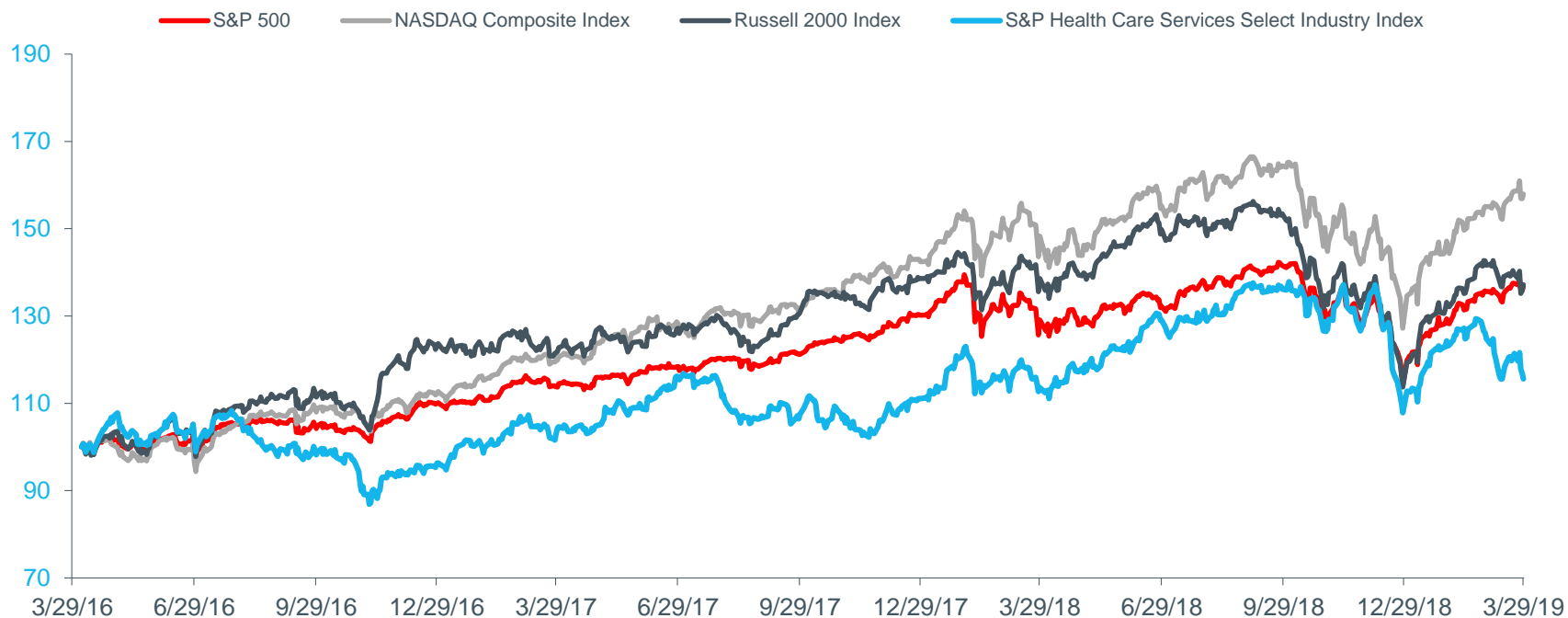
Interest Rates	Value at	1 mo	3 mo	12 mo
	3/31/2019	ago	ago	ago
LIBOR - USD - 6 months	2.66%	2.69%	2.87%	2.44%
U.S. Treasury - 2 years	2.27%	2.52%	2.52%	2.28%
U.S. Treasury - 5 years	2.23%	2.51%	2.55%	2.58%
U.S. Treasury - 10 years	2.41%	2.71%	2.74%	2.78%
U.S. Treasury - 30 years	2.82%	3.09%	3.05%	3.01%
U.S. Prime Rate	5.50%	5.50%	5.50%	4.75%

Capitalization Profile	No. of	Ag. Equity	% Total	% Ag. Eqty	Average Stock Performance			
	Co's	Mkt. Value	No. of Co's	Mkt. Value	1 mo	YTD	12 mo	36 mo
> \$5 billion	33	\$820,437	29.5%	87.5%	(0.4%)	9.3%	15.2%	43.2%
\$1 billion - \$5 billion	42	101,715	37.5%	10.9%	(0.7%)	14.1%	37.5%	61.9%
\$250 million - \$1 billion	22	13,490	19.6%	1.4%	(10.1%)	2.2%	(8.2%)	42.4%
\$100 million - \$250 million	8	1,273	7.1%	0.1%	8.0%	27.3%	21.3%	147.7%
< \$100 million	7	293	6.3%	0.0%	(9.3%)	34.2%	(35.0%)	(33.5%)
Total / Average (\$MM)	112	\$937,208	100.0%	100.0%	(2.5%)	17.4%	6.2%	52.3%

Source: S&P Global Market Intelligence as of March 29 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

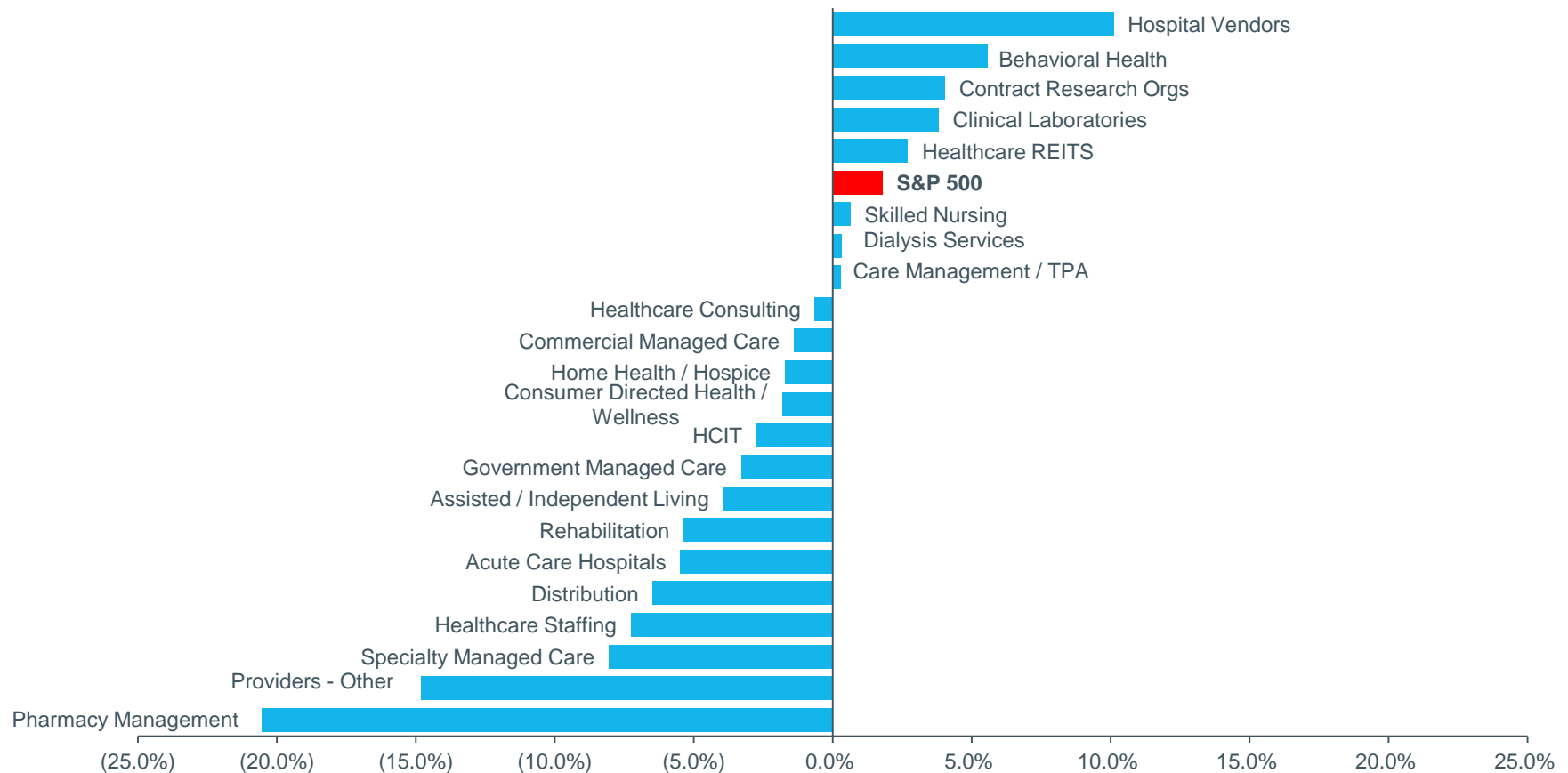
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Healthcare Services Sector Change

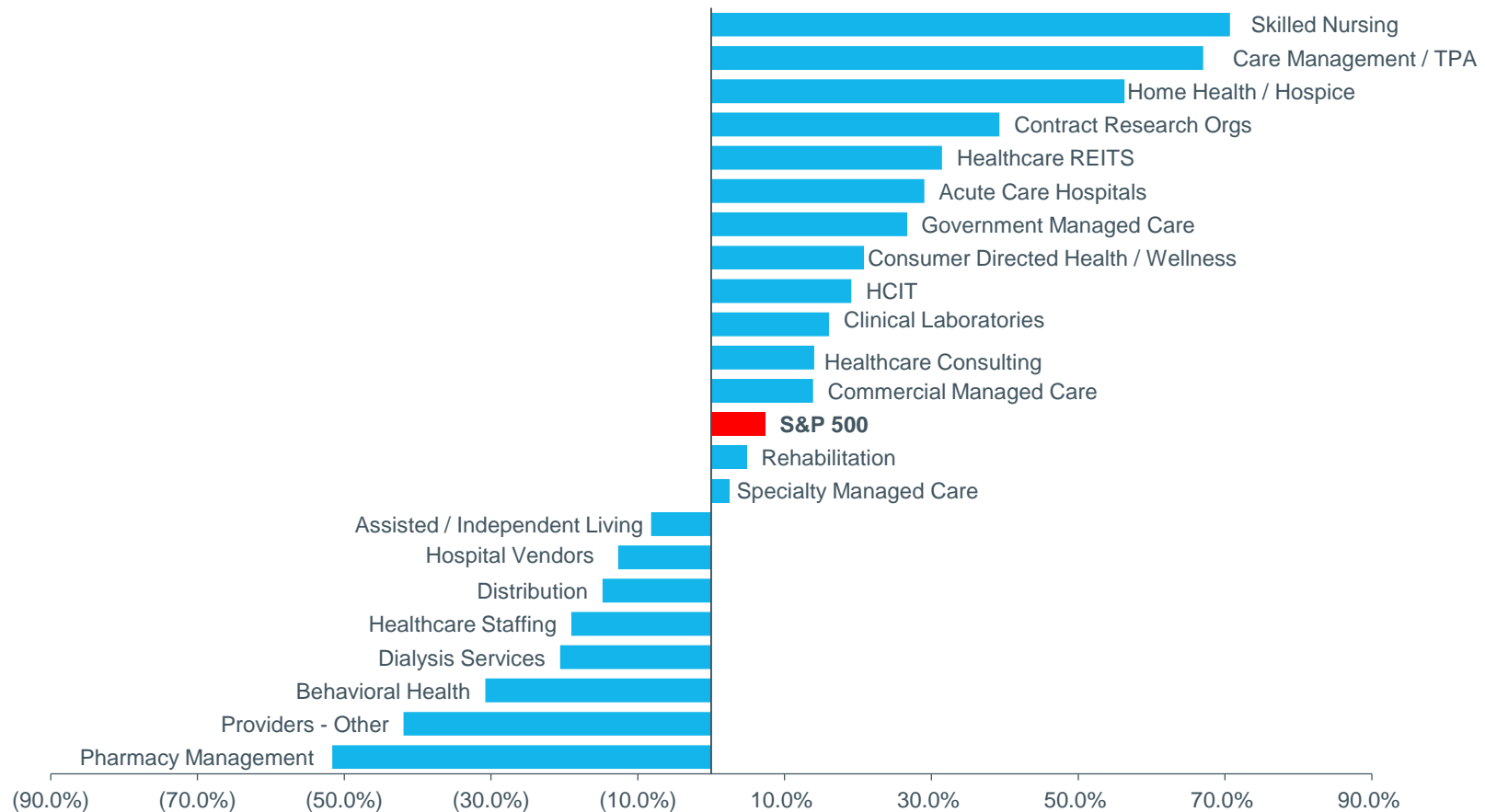
Average % - 1 Month Change



Source: S&P Global Market Intelligence as of March 29 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Sector Change

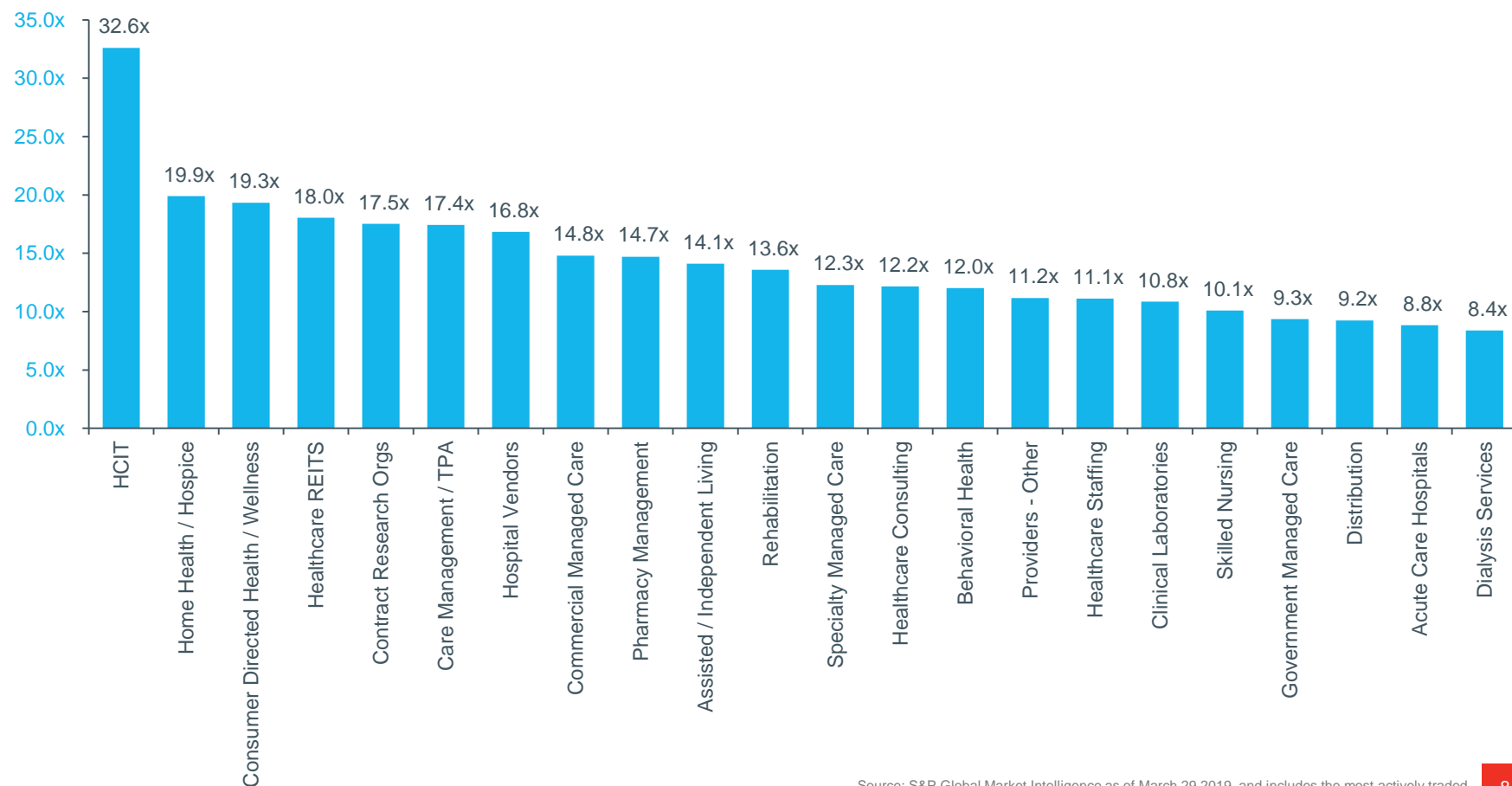
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of March 29 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 March 29 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

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

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