

INDUSTRY INSIGHTS

Healthcare Services Sector Update

April 2018



Q Highlights

The **S&P Healthcare Services** Index increased 4.0% over the last month, outperforming the S&P 500, which increased 0.3% over the same period.

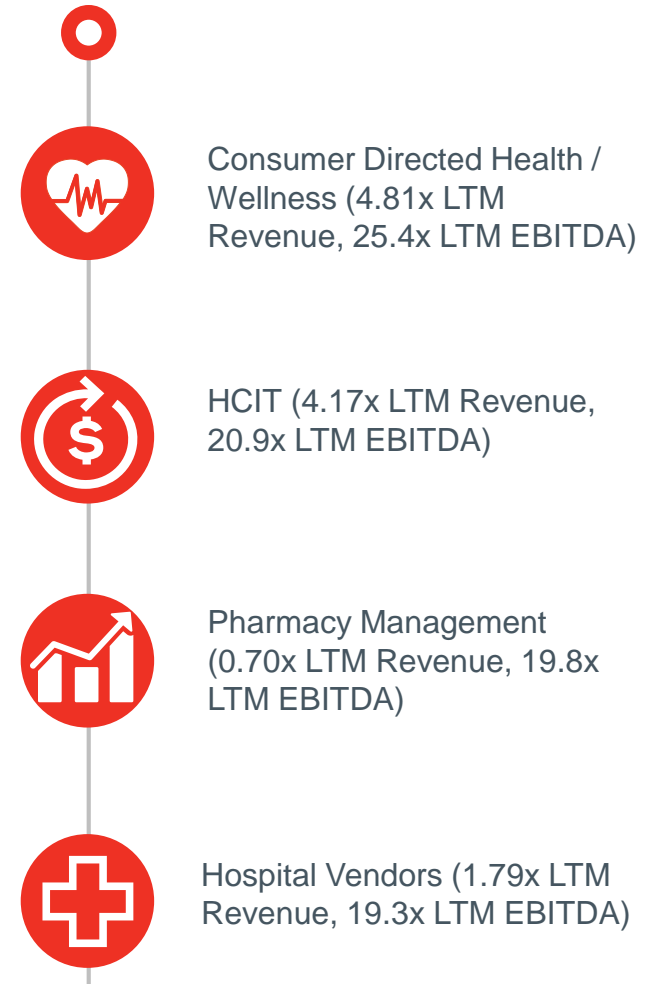
Over the past month:

The best performing sectors were Healthcare Staffing (up 17.2%), Home Health / Hospice (up 12.4%) and Pharmacy Management (up 9.5%).

The poorest performing sectors were Behavioral Health (down 13.5%), Providers - Other (down 9.8%) and Hospital Vendors (down 3.9%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.14x and 13.5x, 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 2018E
			1 mo	12 mo	Rev	EBITDA	LTM	2018E	
Providers									
Acute Care Hospitals	5	\$49,223	(1.7%)	9.5%	1.14x	9.9x	16.5x	15.1x	1.2x
Assisted / Independent Living	3	1,777	7.7%	(38.2%)	1.50x	9.4x	NM	NM	NM
Behavioral Health	3	5,447	(13.5%)	0.5%	1.01x	10.9x	17.8x	14.5x	1.5x
Dialysis Services	3	42,672	(1.7%)	8.4%	1.84x	9.2x	13.2x	18.6x	0.8x
Healthcare Staffing	2	3,652	17.2%	54.5%	1.19x	13.6x	18.7x	22.0x	1.3x
Home Health / Hospice	6	11,612	12.4%	42.3%	1.60x	15.7x	37.1x	25.2x	1.8x
Rehabilitation	5	10,460	6.0%	28.9%	2.27x	12.9x	17.5x	21.2x	2.0x
Skilled Nursing	4	2,584	4.3%	21.9%	0.72x	9.4x	26.4x	15.2x	1.0x
Providers - Other	4	10,153	(9.8%)	(17.9%)	1.91x	12.4x	15.2x	15.6x	0.7x
Total / Average	35	\$137,580	(0.3%)	11.8%	1.46x	11.5x	20.3x	18.4x	1.3x
Payors / Managed Care									
Commercial Managed Care	5	\$428,412	8.5%	31.7%	0.98x	11.3x	20.9x	17.0x	1.2x
Government Managed Care	3	33,698	2.9%	45.9%	0.31x	9.0x	21.7x	19.8x	0.9x
Specialty Managed Care	2	5,539	2.4%	3.6%	0.47x	6.6x	11.2x	13.8x	NM
Total / Average	10	\$467,649	8.1%	32.4%	0.59x	9.0x	17.9x	16.9x	1.1x
Consumer Directed Health / Wellness									
HCIT	21	\$9,891	4.4%	10.7%	4.81x	25.4x	29.3x	34.1x	1.6x
Other Outsourced Services									
Care Management / TPA	5	\$6,606	1.7%	11.0%	1.32x	13.8x	21.1x	18.7x	2.2x
Clinical Laboratories	6	39,268	3.2%	9.2%	2.79x	12.0x	18.4x	16.9x	1.9x
Contract Research Orgs	5	40,521	(1.0%)	17.1%	3.32x	17.1x	26.7x	18.0x	1.3x
Hospital Vendors	4	7,949	(3.9%)	(25.5%)	1.79x	19.3x	25.3x	28.1x	1.3x
Healthcare Consulting	2	1,775	5.3%	(13.1%)	1.35x	10.7x	13.8x	16.6x	1.2x
Total / Average	22	\$96,119	0.8%	9.4%	2.11x	14.6x	21.1x	19.7x	1.6x
Product									
Distribution	6	\$87,209	7.7%	1.0%	0.41x	10.1x	15.1x	12.9x	5.3x
Pharmacy Management	3	44,457	9.5%	24.4%	0.70x	19.8x	9.8x	15.8x	1.1x
Total / Average	9	\$131,666	8.3%	8.9%	0.56x	14.9x	12.5x	14.4x	3.2x
Healthcare REITS									
Total / Average (\$MM)	16	\$84,537	(0.2%)	(21.3%)	11.30x	17.0x	24.4x	32.5x	7.9x
Total / Average (\$MM)	119	\$977,210	3.4%	10.9%	2.14x	13.5x	21.1x	20.4x	2.0x

Healthcare Services Sector Update ..

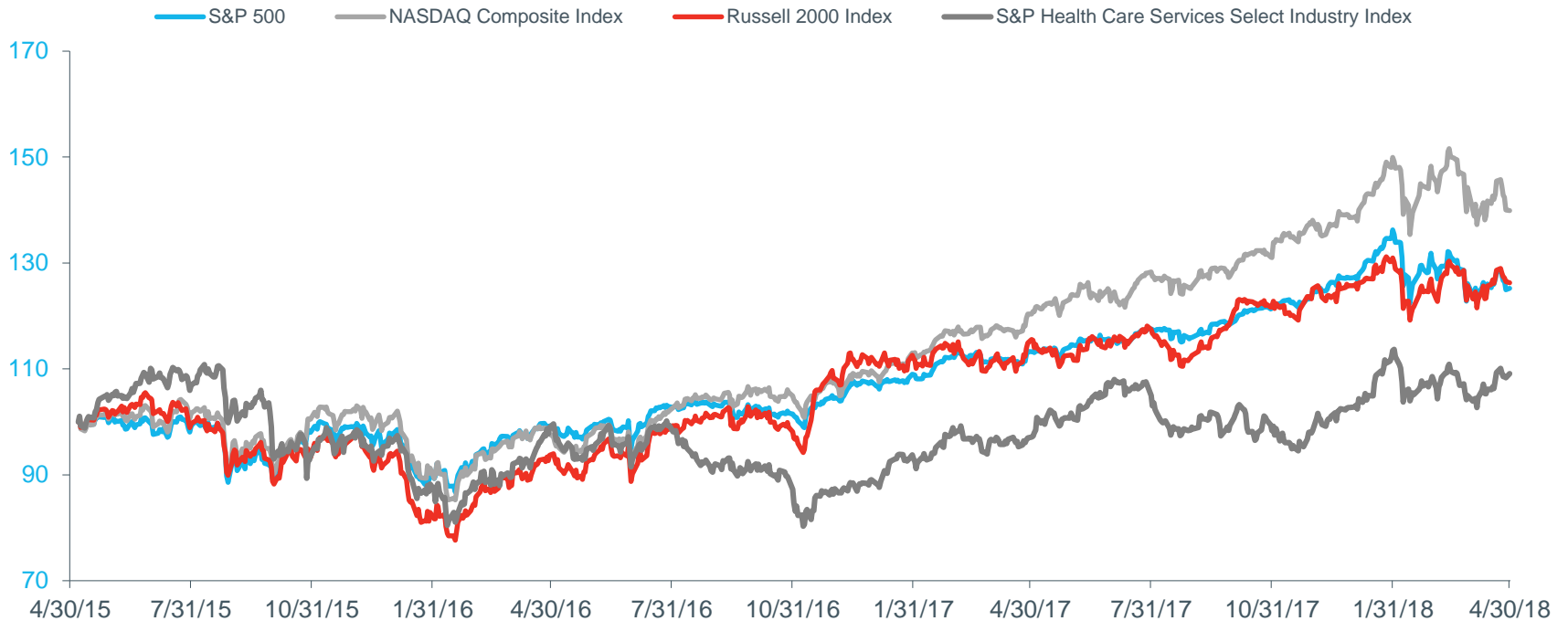
Market Indices	Value at 4/30/2018	% Change			
		1 mo	YTD	12 mo	36 mo
S&P 500	2,648.0	0.3%	(1.0%)	11.1%	27.0%
NASDAQ Composite Index	7,066.3	0.0%	2.4%	16.8%	43.0%
Russell 2000 Index	1,541.9	0.8%	0.4%	10.1%	26.4%
S&P Composite 1500 Health Care Facilities (Sub Ind)	263.4	(0.8%)	9.4%	9.1%	3.7%
S&P Composite 1500 Health Care Providers & Services (Industry)	865.4	6.7%	4.0%	21.4%	34.7%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,467.8	7.9%	4.2%	32.1%	83.7%
S&P Health Care Services Select Industry Index	9,706.3	4.0%	6.0%	10.9%	8.8%

Interest Rates	Value at 4/30/2018	1 mo ago	3 mo ago	12 mo ago
U.S. Treasury - 2 years	2.49%	2.27%	2.14%	1.28%
U.S. Treasury - 5 years	2.79%	2.56%	2.53%	1.82%
U.S. Treasury - 10 years	2.93%	2.74%	2.72%	2.28%
U.S. Treasury - 30 years	3.10%	2.97%	2.94%	2.95%
U.S. Prime Rate	4.75%	4.75%	4.50%	4.00%

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	31	\$835,431	26.1%	85.5%	2.6%	(0.8%)	10.0%	26.8%
\$1 billion - \$5 billion	44	119,518	37.0%	12.2%	1.7%	0.2%	1.1%	16.6%
\$250 million - \$1 billion	34	21,432	28.6%	2.2%	3.4%	5.2%	17.9%	10.4%
\$100 million - \$250 million	4	549	3.4%	0.1%	0.4%	27.8%	7.1%	(22.3%)
< \$100 million	6	281	5.0%	0.0%	(9.7%)	(14.6%)	(30.8%)	(42.4%)
Total / Average (\$MM)	119	\$977,210	100.0%	100.0%	(0.3%)	3.6%	1.0%	(2.2%)

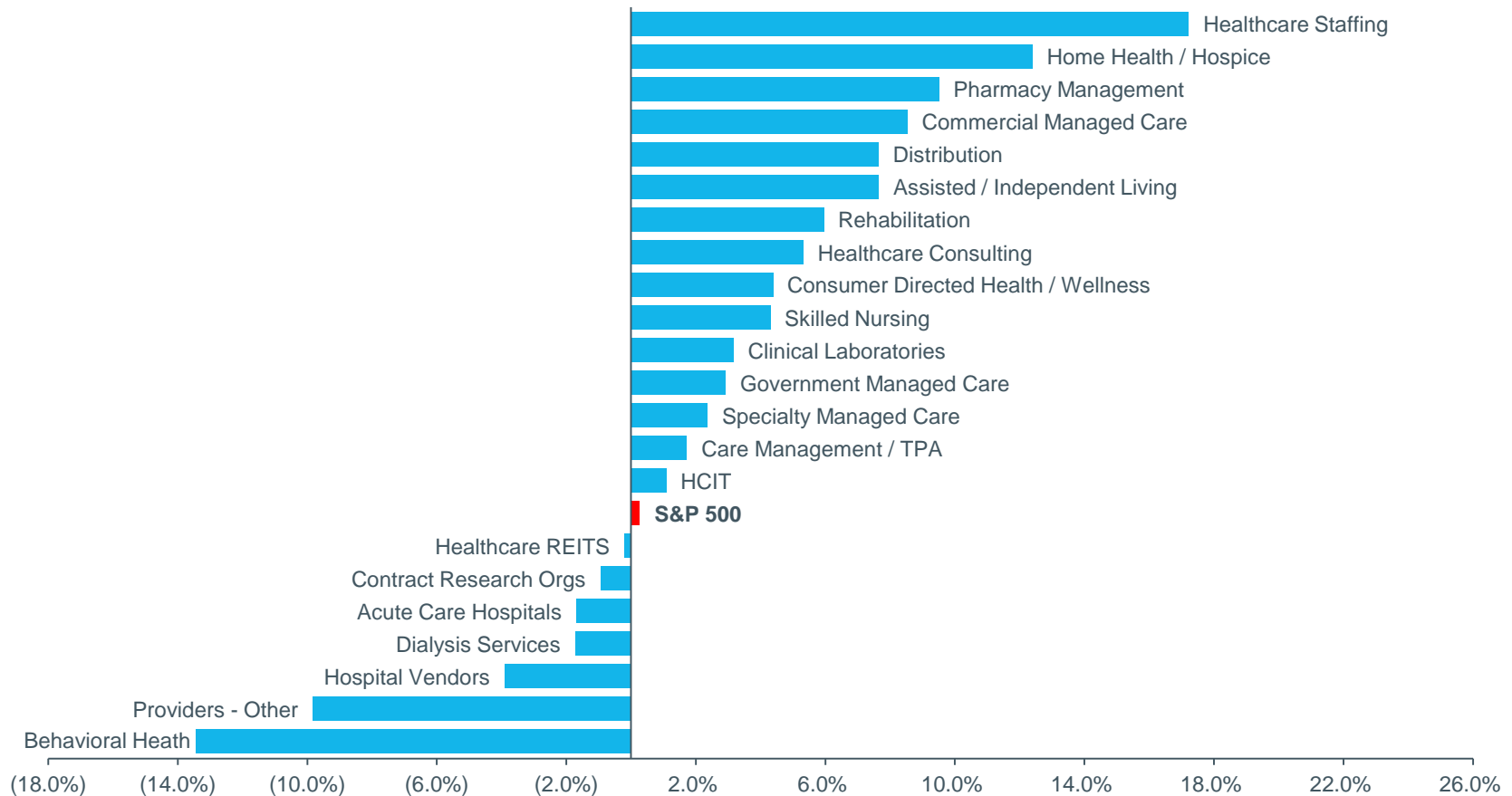
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Healthcare Services Sector Change

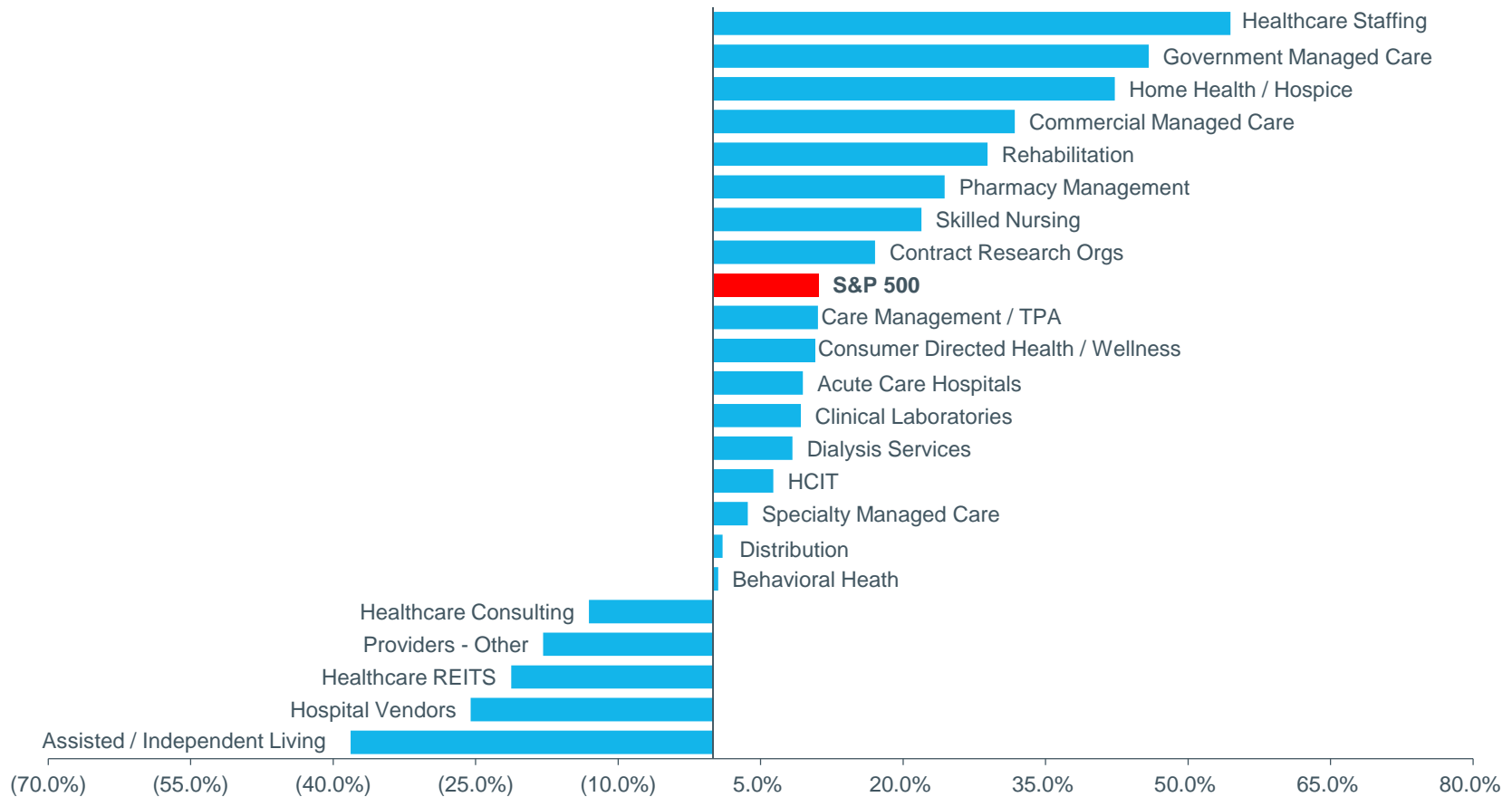
Average % - 1 Month Change



Source: S&P Global Market Intelligence as of April 30, 2018, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Sector Change

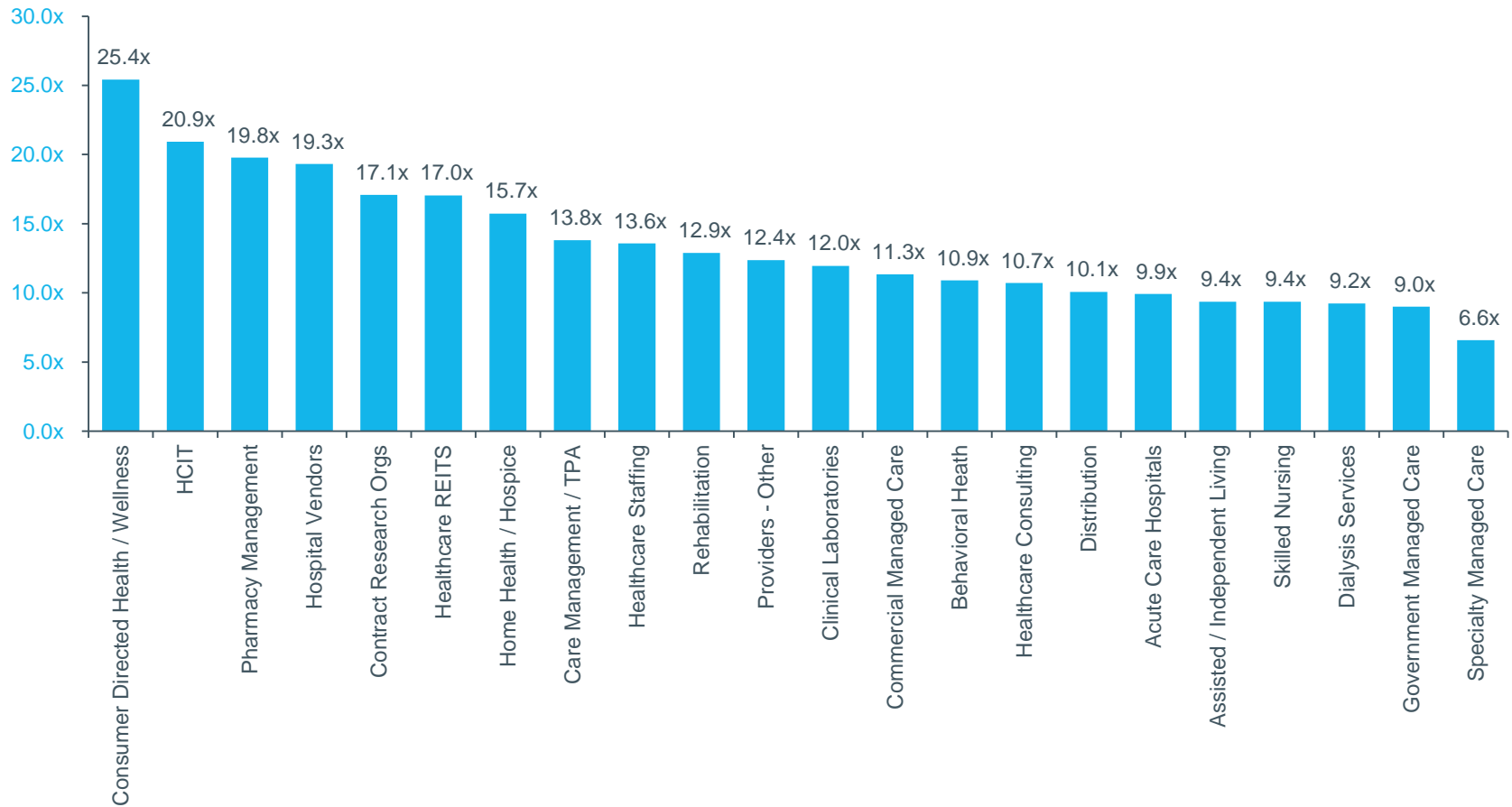
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of April 30, 2018, 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



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

Brooks Dexter

Managing Director
Head of Healthcare M&A
Los Angeles
+1 424 249 1646
brooks.dexter@duffandphelps.com

Eric Coburn

Managing Director
New York
+1 212 450 2839
eric.coburn@duffandphelps.com

Laca Wong-Hammond

Managing Director
New York
+1 212 871 3915
laca.wong-hammond@duffandphelps.com

Philip Smith

Managing Director
Minneapolis
+1 651 393 4052
philip.smith@duffandphelps.com

Adam Stormoen

Managing Director
Minneapolis
+1 612 720 8136
adam.stormoen@duffandphelps.com

Jordan Lampos

Director
Los Angeles
+1 424 249 1668
jordan.lampos@duffandphelps.com

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