

INDUSTRY INSIGHTS

Healthcare Services Sector Update

June 2019

Q Highlights

The **S&P Healthcare Services** Index increased 7.4% over the last month, as compared to S&P 500, which increased 6.9% over the same period.

Over the past month:

The sectors experiencing the most growth were Pharmacy Management (up 30.9%), Assisted / Independent Living (up 18.4%) and Contract Research Organizations (up 16.2%).

The only sectors experiencing a decline were Consumer Directed Health / Wellness (down 3.5%) and Government Managed Care (down 1.6%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.39x and 15.7x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update Performance

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	\$60,455	9.5%	26.1%	1.35x	9.1x	14.1x	11.6x	1.0x
Assisted / Independent Living	3	1,518	18.4%	(24.7%)	2.15x	18.9x	NM	NM	NM
Behavioral Health	3	4,907	8.7%	(17.8%)	0.87x	14.9x	NM	23.3x	2.4x
Dialysis Services	3	33,246	10.2%	(20.0%)	1.82x	9.8x	17.2x	15.3x	(0.3x)
Healthcare Staffing	2	2,875	12.8%	(8.5%)	0.99x	16.4x	19.7x	18.3x	1.2x
Home Health / Hospice	5	15,124	6.9%	26.0%	2.02x	21.0x	36.7x	28.8x	2.1x
Rehabilitation	4	10,227	7.7%	0.7%	3.77x	15.6x	17.6x	24.5x	1.9x
Skilled Nursing	4	4,444	5.8%	43.1%	1.29x	15.6x	23.6x	25.2x	1.7x
Providers - Other	3	3,243	2.9%	(35.0%)	1.82x	12.3x	14.1x	19.9x	2.0x
Total / Average	31	\$136,039	9.2%	(1.1%)	1.79x	14.9x	20.4x	20.9x	1.5x
Payors / Managed Care									
Commercial Managed Care	4	\$400,085	2.0%	1.0%	1.00x	12.9x	18.2x	14.0x	1.0x
Government Managed Care	3	44,983	(1.6%)	7.1%	0.47x	9.1x	20.2x	15.1x	1.0x
Specialty Managed Care	2	7,086	5.0%	(0.4%)	0.58x	12.3x	22.5x	11.6x	1.1x
Total / Average	9	\$452,153	1.7%	1.6%	0.68x	11.5x	20.3x	13.5x	1.0x
Consumer Directed Health / Wellness	6	\$9,382	(3.5%)	(16.7%)	4.18x	22.1x	26.7x	31.2x	2.2x
HCIT	21	\$56,826	4.7%	21.6%	4.46x	32.0x	31.9x	33.2x	2.4x
Other Outsourced Services									
Care Management / TPA	5	\$9,085	8.0%	80.1%	1.67x	16.6x	21.9x	16.8x	1.6x
Clinical Laboratories	6	41,997	6.8%	9.8%	4.20x	11.5x	19.5x	17.7x	2.6x
Contract Research Orgs	5	58,776	16.2%	39.9%	3.06x	17.9x	32.5x	21.2x	1.7x
Hospital Vendors	4	6,667	2.4%	(27.6%)	1.66x	17.8x	21.8x	24.3x	1.7x
Healthcare Consulting	2	2,005	2.6%	14.8%	1.57x	15.0x	48.5x	23.0x	1.6x
Total / Average	22	\$118,530	11.3%	28.1%	2.43x	15.8x	28.8x	20.6x	1.8x
Product									
Distribution	6	\$69,768	8.6%	(1.2%)	0.34x	9.2x	21.7x	12.3x	1.4x
Pharmacy Management	2	790	30.9%	(48.7%)	0.77x	16.8x	NM	15.8x	0.6x
Total / Average	8	\$70,557	19.8%	(24.9%)	0.56x	13.0x	21.7x	14.1x	1.0x
Healthcare REITS	16	\$116,703	1.9%	19.6%	12.55x	18.7x	21.5x	45.6x	NM
Total / Average (\$MM)	113	\$960,191	7.6%	4.1%	2.39x	15.7x	23.7x	21.4x	1.5x

Healthcare Services Sector Update Performance 0 ●

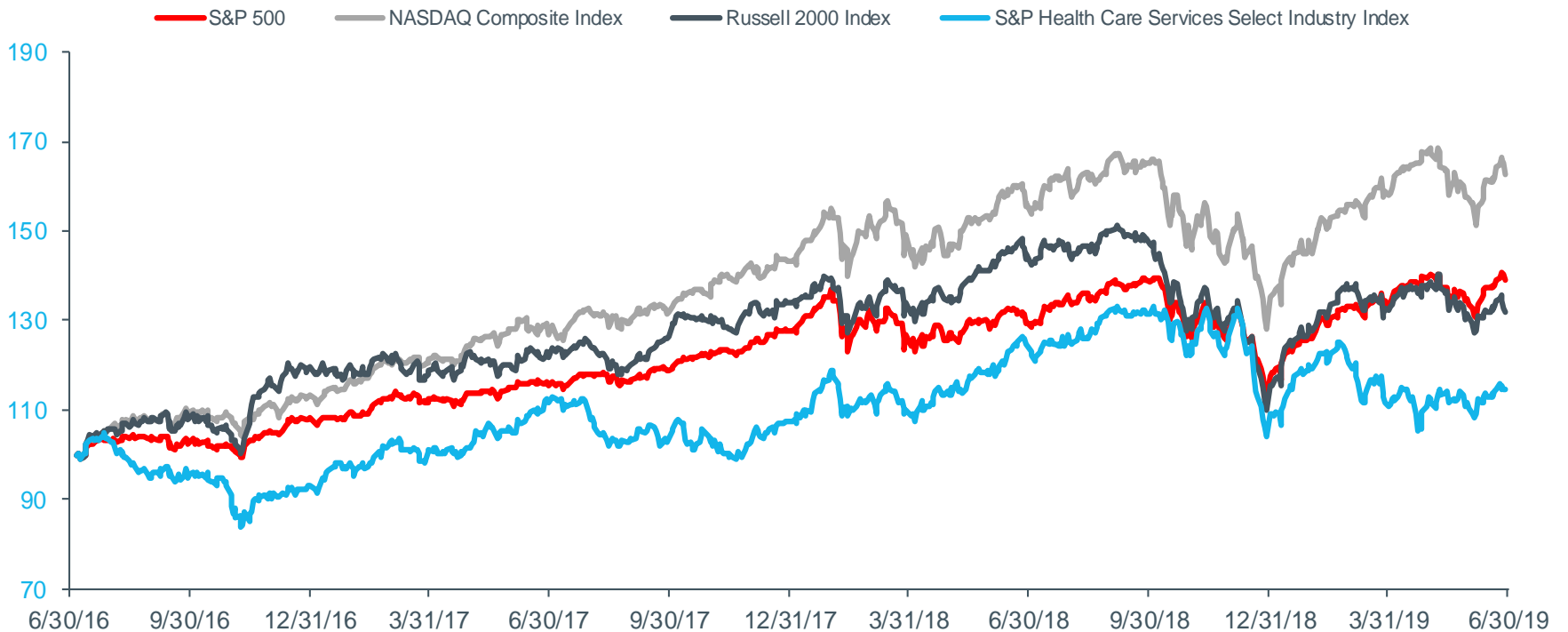
Market Indices	Value at 6/30/2019	% Change			
		1 mo	YTD	12 mo	36 mo
S&P 500	2,941.8	6.9%	17.3%	8.2%	40.2%
NASDAQ Composite Index	8,006.2	7.4%	20.7%	6.6%	65.3%
Russell 2000 Index	1,566.6	6.9%	16.2%	(4.7%)	36.0%
S&P Composite 1500 Health Care Facilities (Sub Ind)	331.7	10.2%	11.1%	17.5%	40.9%
S&P Composite 1500 Health Care Providers & Services (Industry)	874.6	4.0%	(0.7%)	(0.2%)	32.9%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,552.6	1.2%	(0.0%)	2.1%	71.0%
S&P Health Care Services Select Industry Index	9,945.1	7.4%	6.1%	(3.8%)	16.3%

Interest Rates	Value at 6/30/2019	1 mo ago	3 mo ago	12 mo ago
LIBOR - USD - 6 months	2.20%	2.52%	2.66%	2.50%
U.S. Treasury - 2 years	1.75%	1.95%	2.27%	2.52%
U.S. Treasury - 5 years	1.76%	1.94%	2.23%	2.72%
U.S. Treasury - 10 years	2.00%	2.14%	2.41%	2.85%
U.S. Treasury - 30 years	2.53%	2.58%	2.82%	2.98%
U.S. Prime Rate	5.50%	5.50%	5.50%	5.00%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Average Stock			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	34	\$843,842	30.1%	87.9%	6.6%	14.5%	9.7%	46.3%
\$1 billion - \$5 billion	42	102,073	37.2%	10.6%	6.1%	21.7%	20.4%	69.0%
\$250 million - \$1 billion	22	12,747	19.5%	1.3%	1.1%	4.0%	(13.4%)	54.9%
\$100 million - \$250 million	7	1,242	6.2%	0.1%	9.9%	7.5%	(17.4%)	20.5%
< \$100 million	8	288	7.1%	0.0%	(1.8%)	10.7%	(41.1%)	(38.2%)
Total / Average (\$MM)	113	\$960,191	100.0%	100.0%	4.4%	11.7%	(8.3%)	30.5%

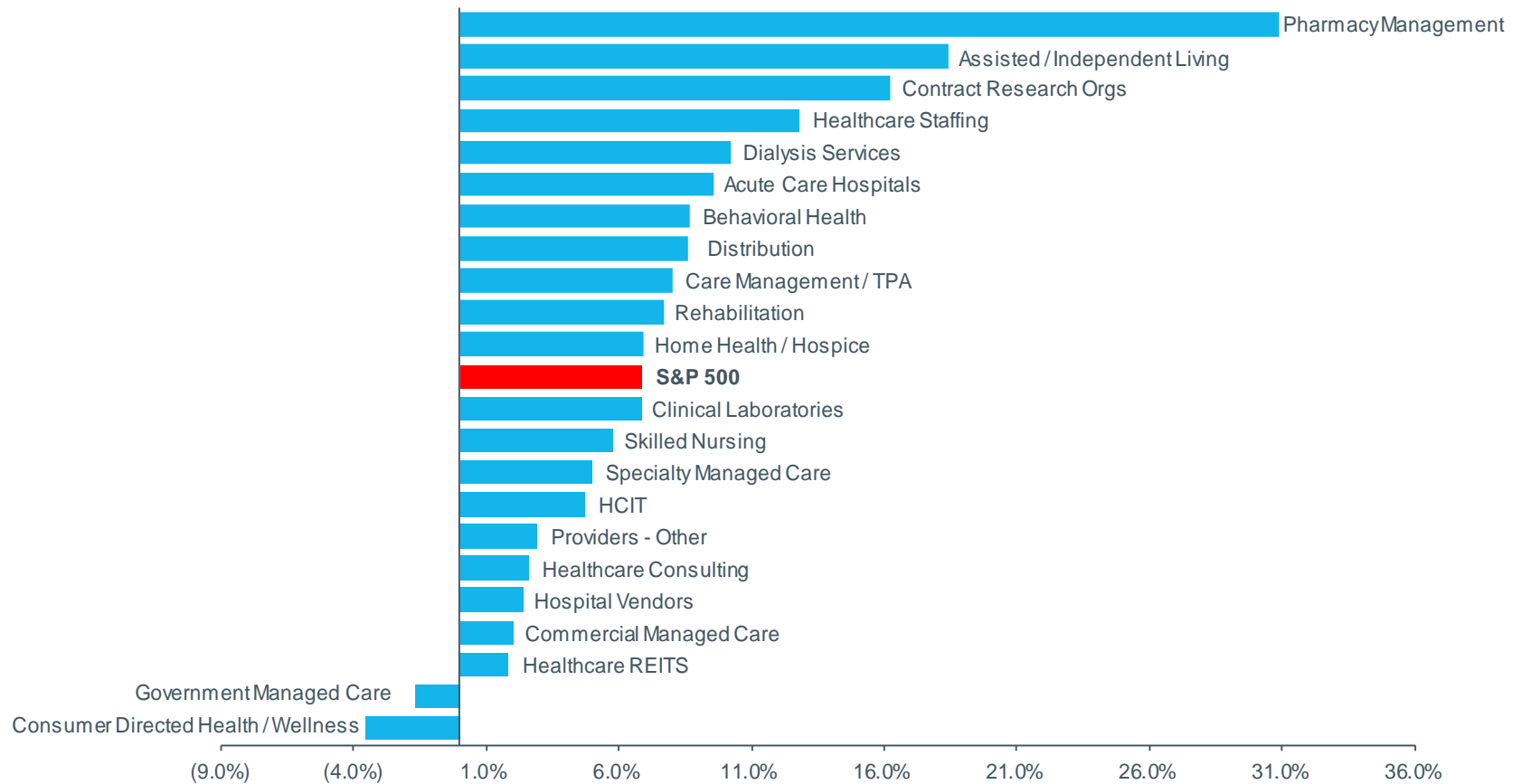
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



Healthcare Services Sector Change ●0

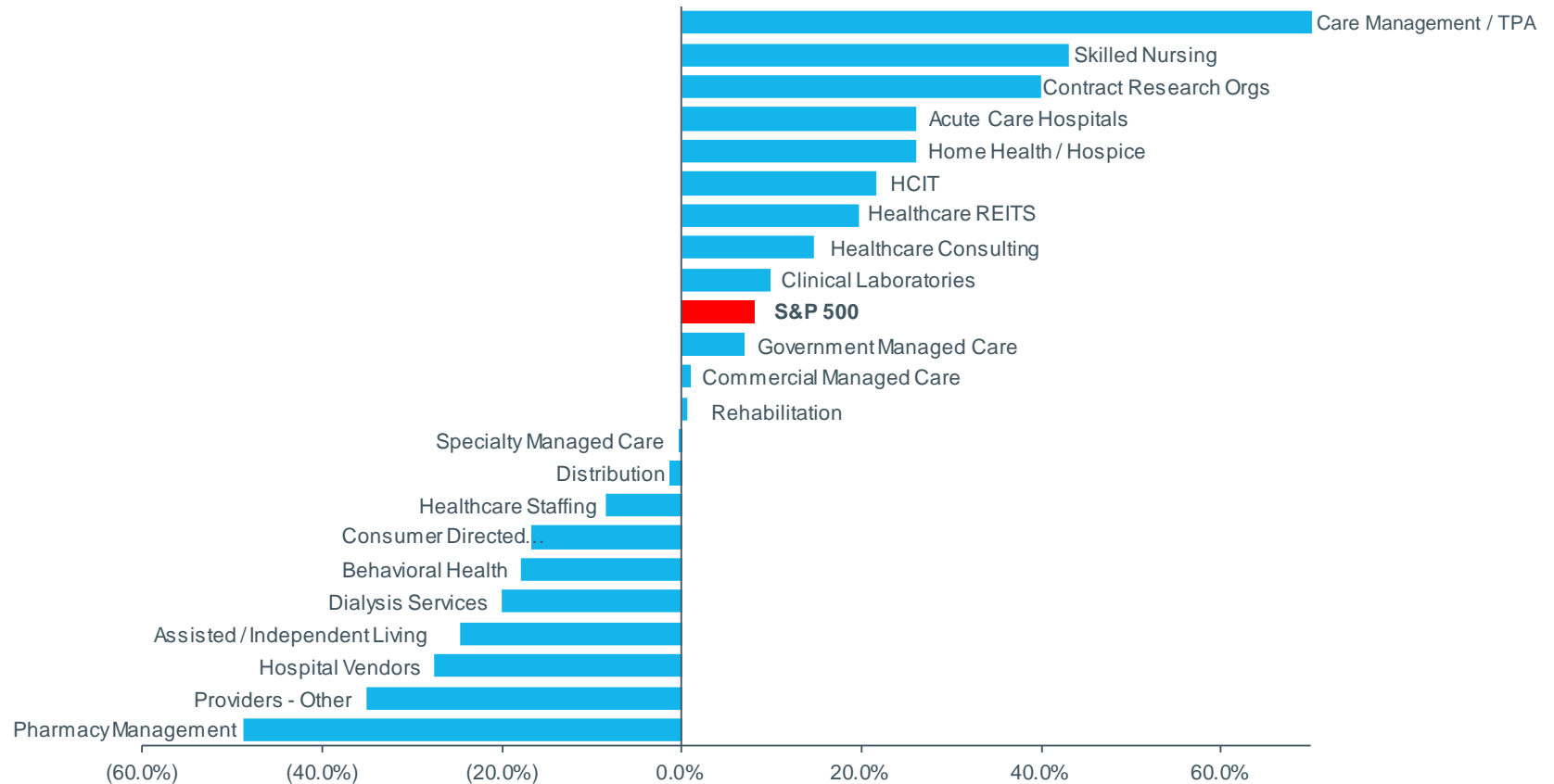
Average % - 1 Month Change



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

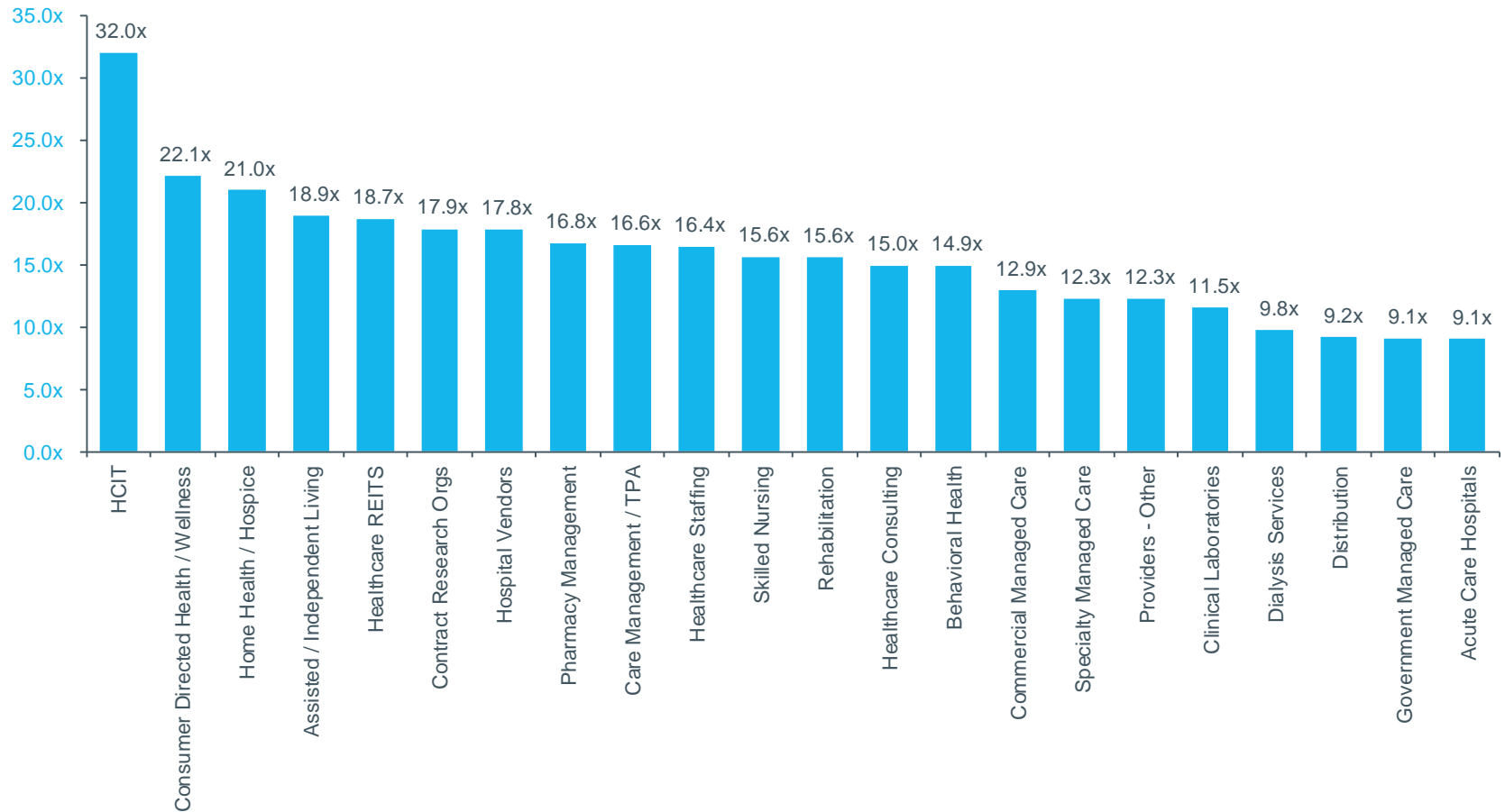
Healthcare Services Sector Change

Average % - 12 Month Change



Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



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

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