

INDUSTRY INSIGHTS:

# Healthcare Services Sector Update

November 2016



# Q Highlights

The **S&P Healthcare Services** Index decreased 2.1% over the last month, underperforming the S&P 500, which increased 3.4% over the same period.

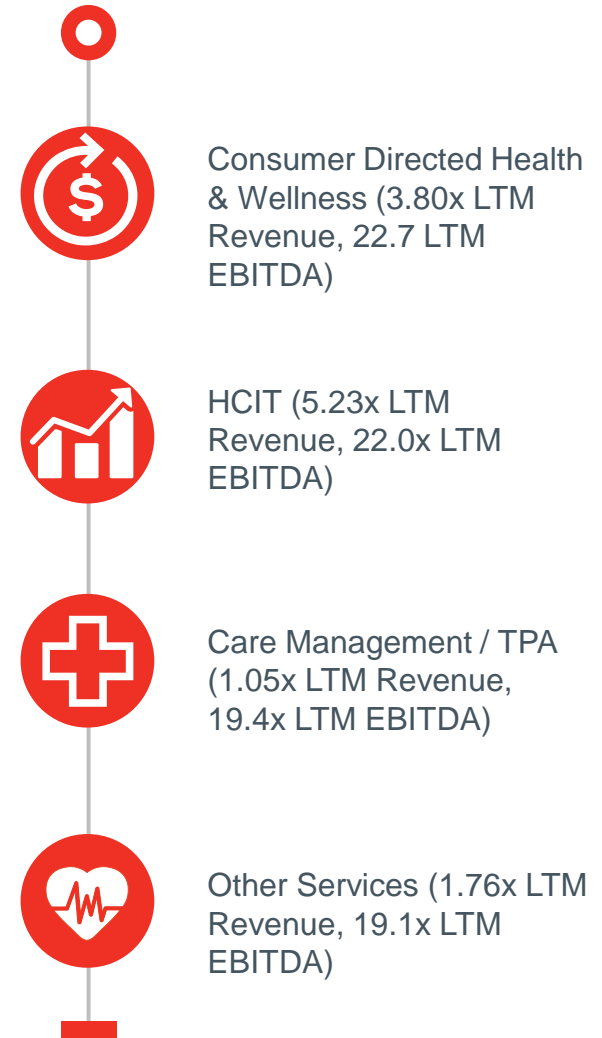
## Over the past month:

The best performing sectors were Pharmacy Management (up 16.0%), Managed Care - Commercial (up 15.7%) and Healthcare Staffing (up 15.5%).

The poorest performing sectors were Assisted / Independent Living (down 17.3%), Healthcare REITs (down 8.9%) and Diagnostic Imaging (down 8.3%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.20x and 12.8x, respectively.

## THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



# Healthcare Services Sector Update ..

Market Sector	# of	Ag. Equity	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio
	Co's	Mkt. Value	1 mo	12 mo	Rev	EBITDA	LTM	2016E	2016E
Acute Care Hospitals	5	\$42,831	(5.8%)	(1.4%)	1.14x	8.1x	15.7x	16.0x	1.8x
Assisted / Independent Living	3	2,745	(17.3%)	(45.0%)	1.71x	10.6x	NM	NM	NM
Care Management / TPA	5	5,102	5.2%	12.3%	1.05x	19.4x	21.7x	31.7x	2.3x
Clinical Laboratories	6	32,369	4.8%	14.2%	5.50x	12.8x	22.2x	20.4x	2.0x
Consumer Directed Health and Wellness	8	9,135	1.8%	7.2%	3.80x	22.7x	25.1x	33.2x	1.6x
Contract Research Orgs	7	36,205	4.6%	7.0%	2.81x	16.8x	25.2x	18.0x	1.3x
Diagnostic Imaging	3	388	(8.3%)	0.6%	1.73x	6.5x	30.5x	25.0x	2.9x
Dialysis Services	3	37,337	3.1%	(8.0%)	1.75x	8.9x	20.1x	20.4x	1.7x
Distribution / Supply	8	94,309	8.4%	(18.3%)	0.84x	11.4x	18.2x	16.4x	1.9x
Emergency Services	2	1,327	13.6%	(31.5%)	1.39x	8.7x	6.9x	9.5x	0.4x
HCIT	22	41,047	(7.1%)	(12.0%)	5.23x	22.0x	31.7x	27.7x	1.6x
Healthcare REITs	18	92,893	(8.9%)	2.4%	11.26x	16.9x	24.3x	36.8x	7.6x
Healthcare Staffing	4	9,498	15.5%	(14.3%)	1.05x	12.0x	26.0x	16.7x	1.2x
Home Care / Hospice	7	6,460	6.6%	(4.0%)	0.98x	11.8x	25.5x	22.1x	1.7x
Skilled Nursing	6	3,130	6.7%	(15.0%)	1.67x	10.7x	22.7x	12.4x	1.1x
Managed Care - Commercial	6	301,017	15.7%	28.4%	0.68x	12.1x	21.2x	17.7x	1.6x
Managed Care - Government	3	18,921	1.4%	19.2%	0.23x	5.4x	24.4x	19.2x	1.1x
Other Services	4	9,107	(4.1%)	(25.7%)	1.76x	19.1x	34.9x	26.2x	1.9x
Pharmacy Management	4	48,973	16.0%	(10.8%)	1.02x	16.4x	19.9x	16.0x	1.2x
Physician Practice Mgmt.	2	6,088	7.4%	(8.2%)	1.53x	12.5x	18.0x	16.2x	1.2x
Psychiatric Hospitals	3	5,217	13.3%	(18.7%)	0.95x	12.3x	25.4x	16.9x	0.9x
Specialty Managed Care	2	5,458	8.1%	(0.7%)	0.37x	6.7x	18.8x	20.6x	2.3x
Surgicenters / Rehabilitation	7	12,257	6.4%	1.8%	2.07x	11.0x	21.1x	21.5x	1.5x
<b>Total / Average (\$MM)</b>	<b>138</b>	<b>\$821,813</b>	<b>3.8%</b>	<b>(5.2%)</b>	<b>2.20x</b>	<b>12.8x</b>	<b>22.7x</b>	<b>20.9x</b>	<b>1.9x</b>

Source: Capital IQ as of November 30, 2016, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

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Market Indices	Value at	% Change			
	11/30/2016	1 mo	YTD	12 mo	36 mo
Dow Jones Industrial Average	19,123.6	5.4%	9.7%	7.9%	18.9%
S&P 500 Index	2,198.8	3.4%	7.6%	5.7%	21.8%
NASDAQ Composite Index	5,323.7	2.6%	6.3%	4.2%	31.1%
Russell 2000 Index	1,322.3	11.0%	16.4%	10.4%	15.7%
AMEX Sector Index - Healthcare	73.9	(0.4%)	(22.9%)	(21.9%)	(36.4%)
S&P Healthcare Facilities (Sub Ind) Index	276.0	0.0%	(20.8%)	(24.0%)	(7.5%)
S&P Healthcare Providers & Services (Industry) Index	572.5	4.9%	(6.7%)	(5.8%)	27.2%
S&P Managed Healthcare (Sub Ind) Index	529.3	13.3%	22.6%	30.6%	111.1%
<b>S&amp;P Healthcare Services</b>	<b>438.1</b>	<b>(2.1%)</b>	<b>(9.2%)</b>	<b>(11.3%)</b>	<b>16.3%</b>

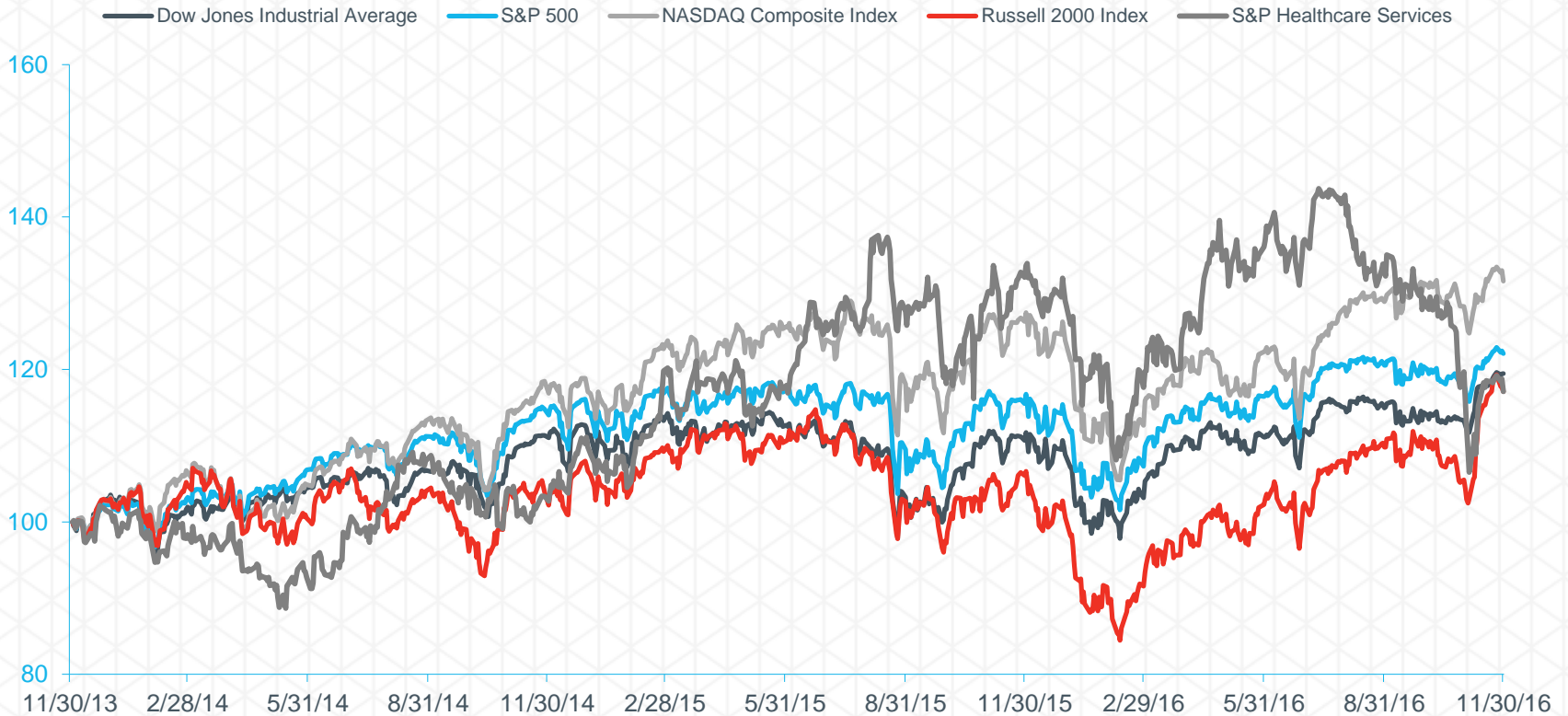
Interest rates	Value at	1 mo	3 mo	12 mo
	11/30/2016	ago	ago	ago
LIBOR - USD - 6 months	1.29%	1.26%	1.24%	0.66%
U.S. Treasury - 2 years	1.11%	0.86%	0.80%	0.94%
U.S. Treasury - 5 years	1.84%	1.34%	1.20%	1.66%
U.S. Treasury - 10 years	2.37%	1.85%	1.57%	2.22%
U.S. Treasury - 30 years	3.02%	2.62%	2.23%	2.23%
U.S. Prime Rate	3.50%	3.50%	3.50%	3.50%

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	27	\$666,204	19.6%	81.1%	4.5%	(0.5%)	1.7%	32.2%
\$1 billion - \$5 billion	51	131,696	37.0%	16.0%	0.3%	(2.8%)	(4.6%)	17.0%
\$250 million - \$1 billion	38	21,876	27.5%	2.7%	4.9%	1.9%	(1.6%)	15.0%
\$100 million - \$250 million	9	1,611	6.5%	0.2%	(16.9%)	(4.2%)	(13.6%)	(18.3%)
< \$100 million	13	426	9.4%	0.1%	(5.4%)	(19.5%)	(29.3%)	(31.5%)
<b>Total / Average (\$MM)</b>	<b>138</b>	<b>\$821,813</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(2.5%)</b>	<b>(5.0%)</b>	<b>(9.5%)</b>	<b>2.9%</b>

Source: Capital IQ as November 30, 2016, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

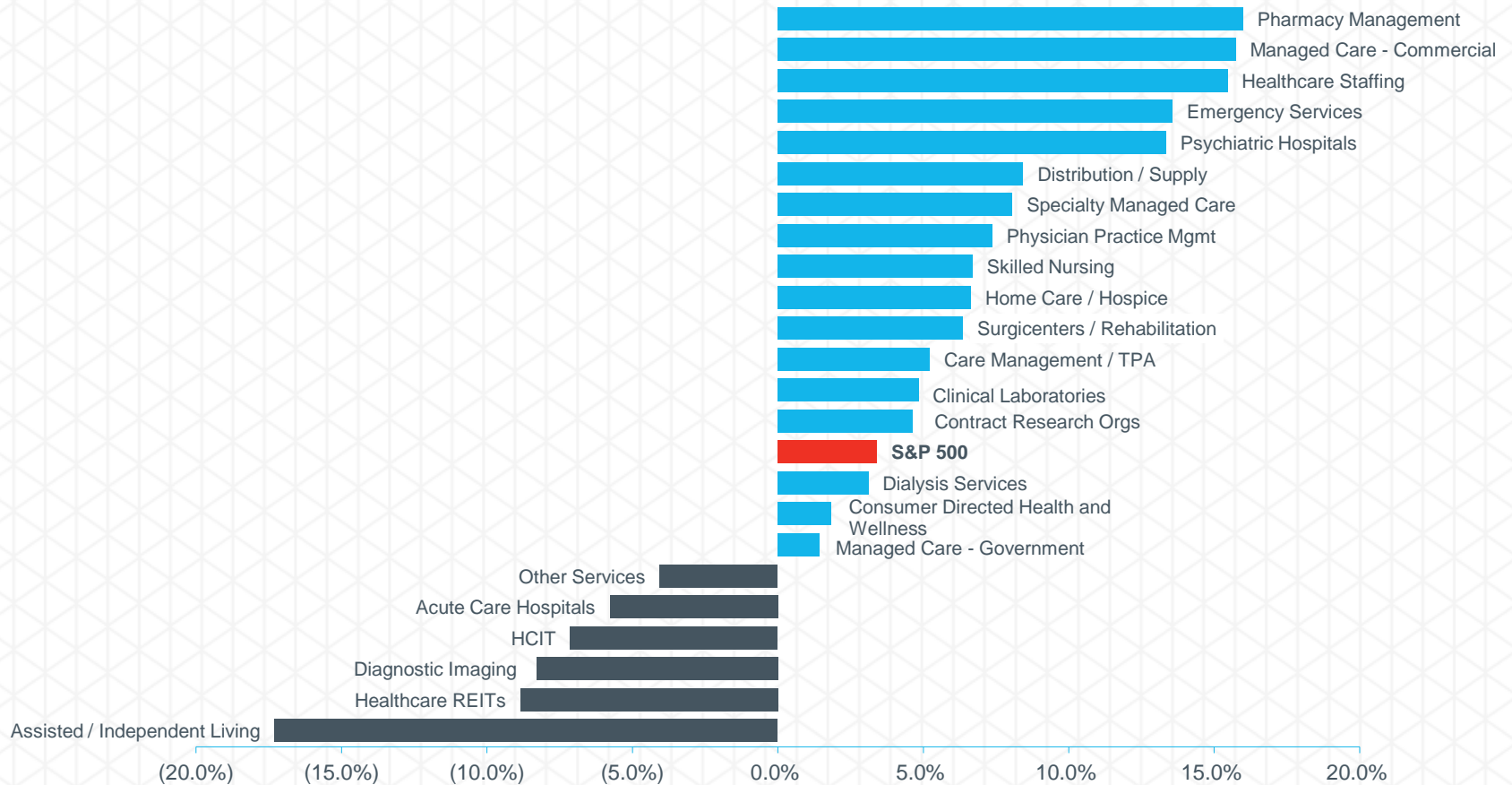
# Healthcare Services Sector Update

Performance of Market Indices for Latest 36 Months



# Healthcare Services Sector Update o.o

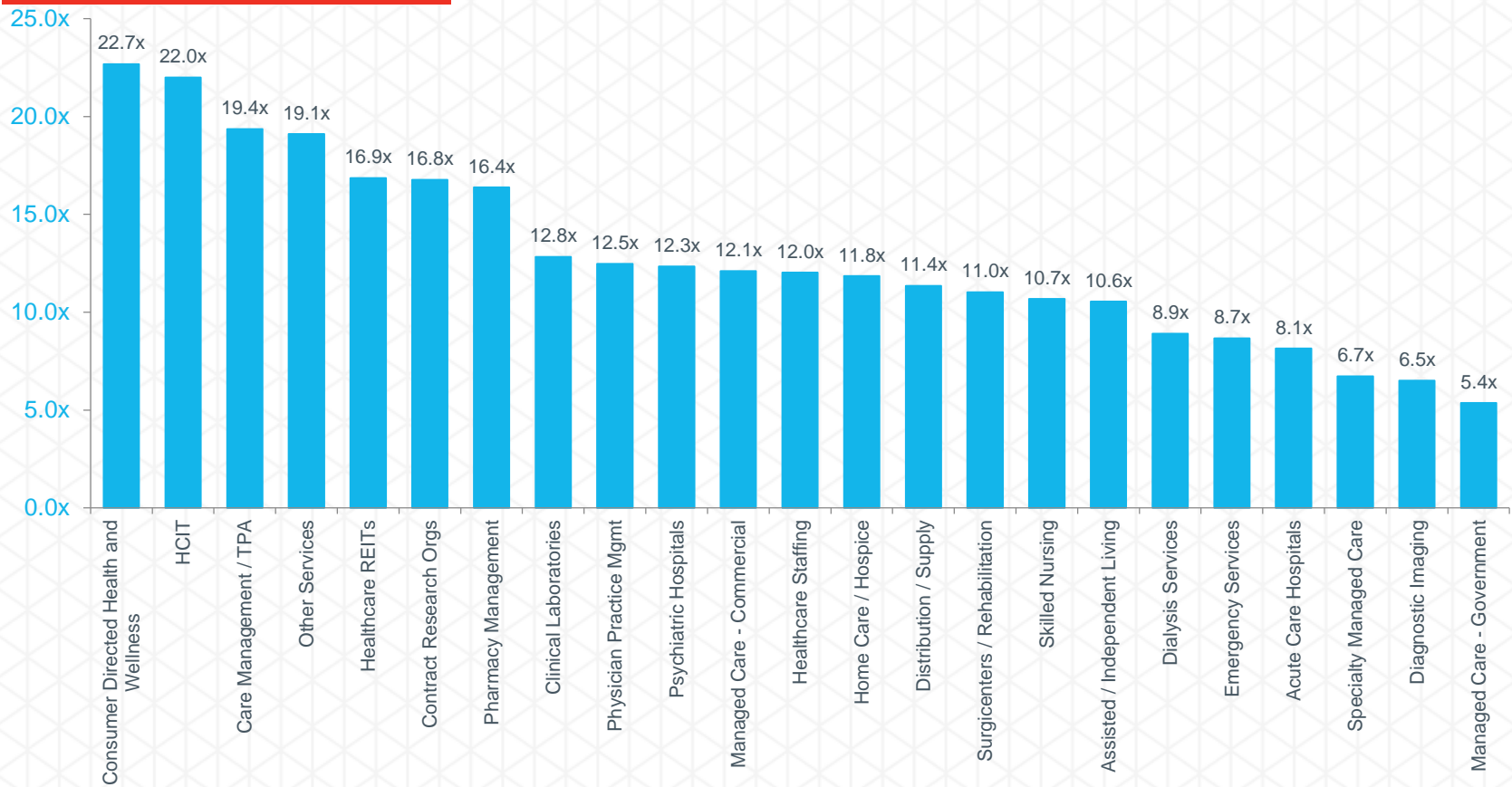
Average % - 1 Month



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# Healthcare Services Sector Update

Overview of Subsector EV/LTM EBITDA



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

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