

INDUSTRY UPDATE

HEALTHCARE
Q2 2019

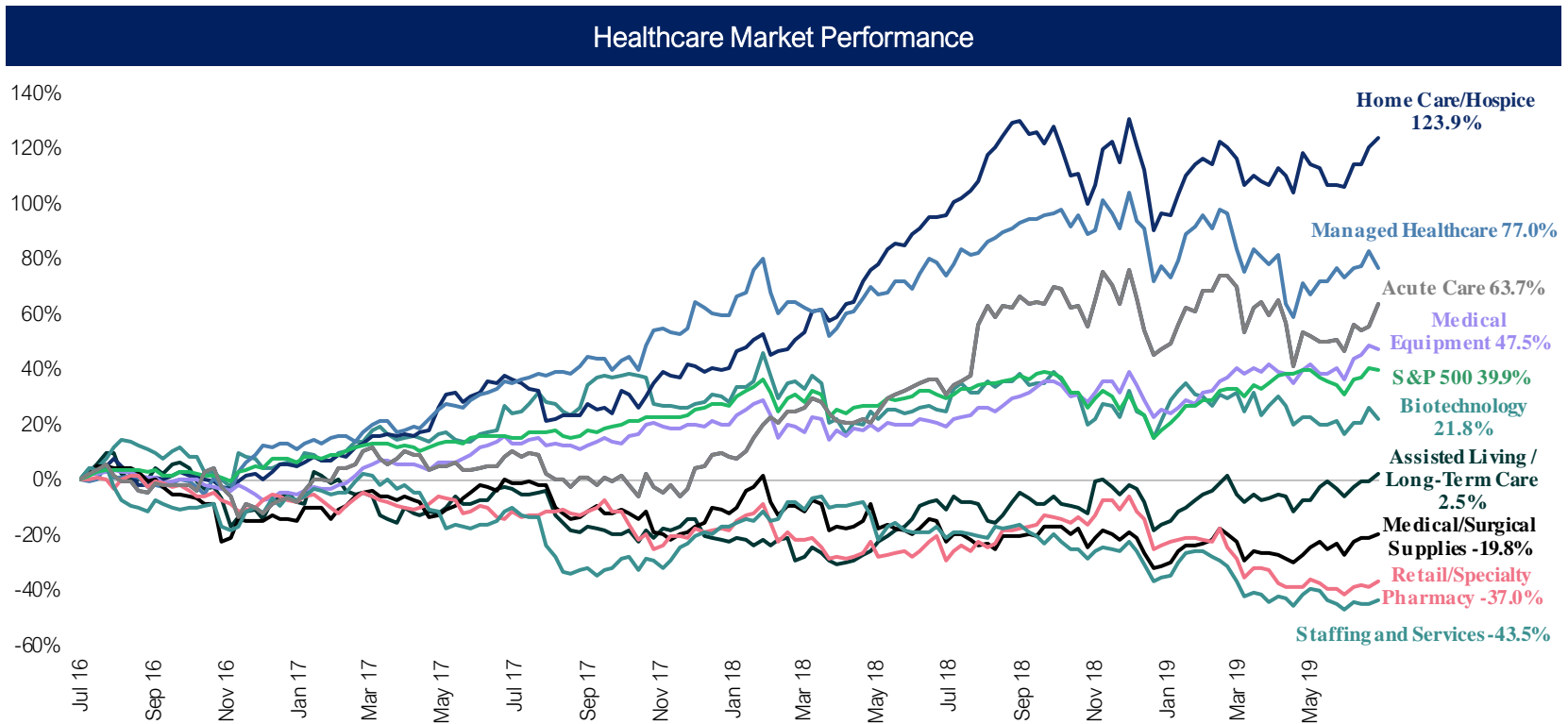


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Public Market Performance

Q2 2019 saw some recovery in the Healthcare industry and the broader U.S. equity market from the previous quarter. On a 3-year period ending June 30, the S&P 500 returned 39.9%. A majority of the Healthcare industry exhibited strong performance on a 12-month basis, with certain segments performing stronger than others. The industry has been led by the Home Care/Hospice and Managed Healthcare segments, both of which outperformed the S&P 500, with stock gains of 123.9% and 77.0%, respectively, over the past three years.



Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2019

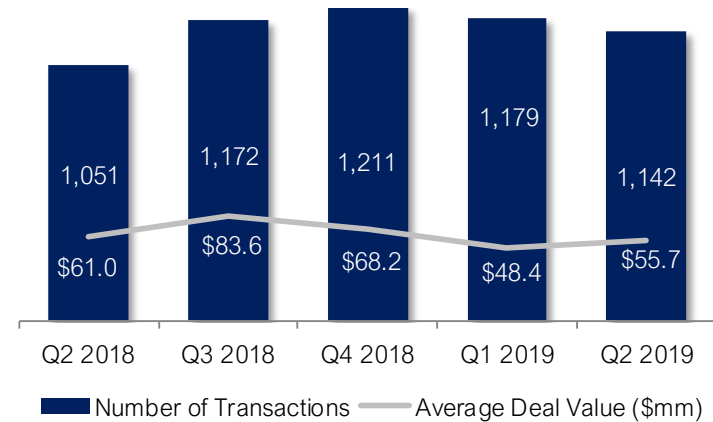


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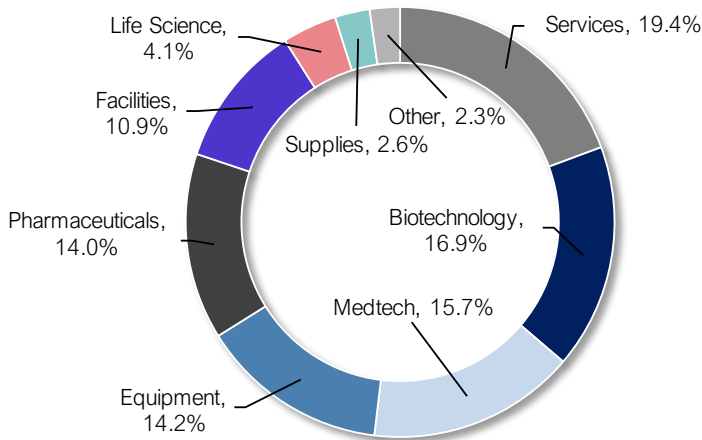
Middle-Market M&A Activity

Q2 2019 M&A activity displayed a slight increase in transaction values since Q1 2019 in the Healthcare sector. While transaction volume fell from the previous quarter, we're seeing continued optimism in the sector moving forward with nearly a 9% increase in deal volume year-over-year. Strategic buyers continue to dominate overall deal activity and have sought acquisitions to offset slowing organic growth and to diversify their offerings. The Services category led activity, accounting for over 19% of total Healthcare transaction volume. The Biotechnology sector proved to be an attractive target as well with about 17% of deal flow.

Healthcare M&A Activity



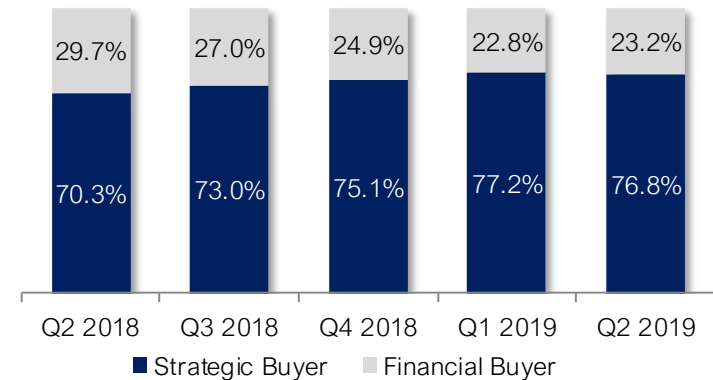
Q2 2019 M&A Activity by Sector



Source: S&P Capital IQ

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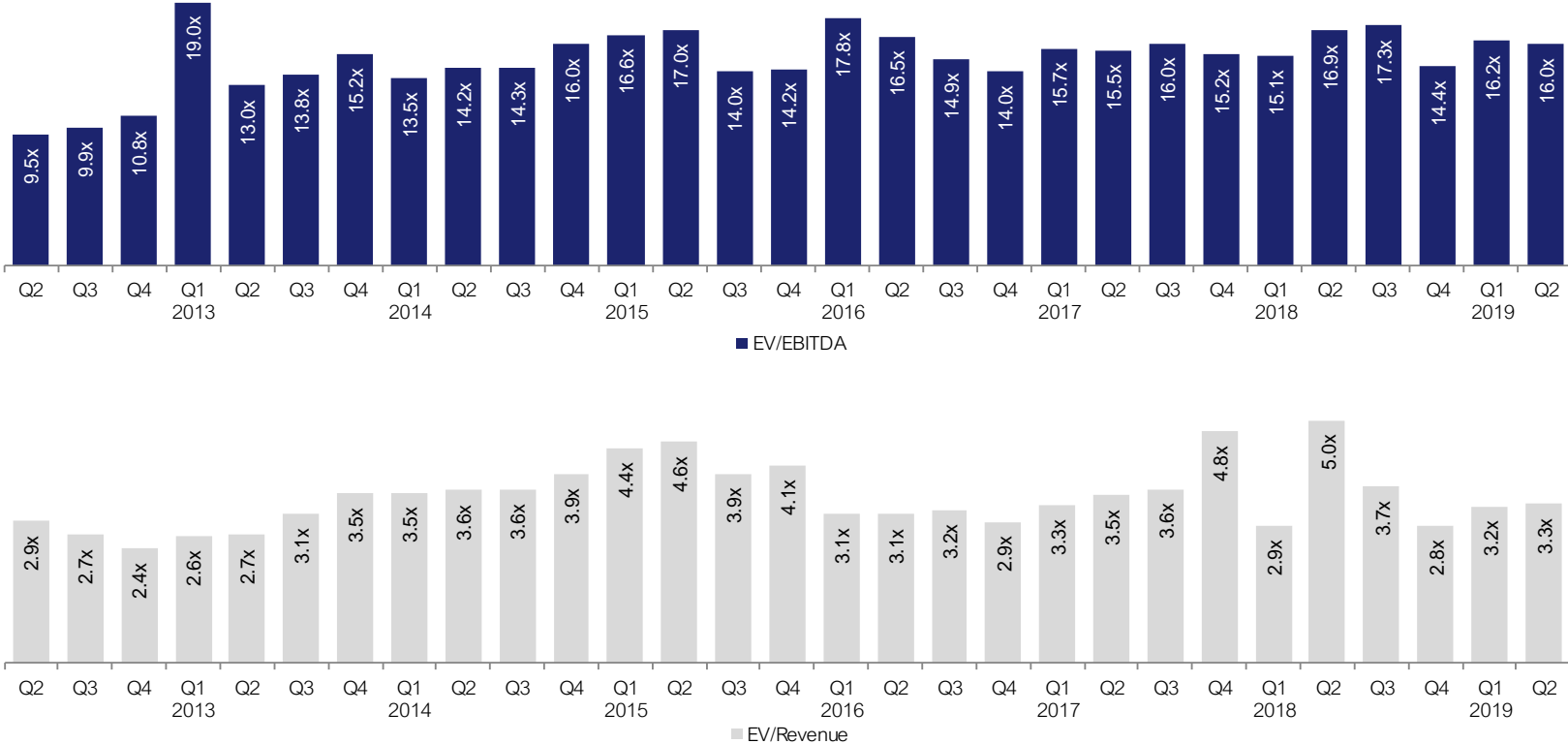
M&A Activity by Buyer Type



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Public Company Trading Multiples

Based on a representative set of publicly traded companies in the Healthcare industry, public companies traded at an average multiple of 16.0x EBITDA and 3.3x revenue. Among the sectors, the strongest trading multiples were observed in the Homecare & Hospice and Biotechnology sectors.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 6/30/2019



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Public Comparable Companies

| Company Name | Enterprise | Share | Price Change | | LTM Margins | | TEV / LTM: | |
|---------------------------------------|----------------|-------------|--------------|----------|-------------|--------|------------|--------|
| | Value (\$mils) | Stock Price | 3 month | 12 month | Gross | EBITDA | Revenue | EBITDA |
| Acute-Care | | | | | | | | |
| HCA Healthcare, Inc. | \$84,366.69 | \$135.17 | 3.7% | 31.7% | 38.0% | 19.6% | 1.8x | 9.0x |
| Tenet Healthcare Corporation | 19,957.70 | 20.66 | (28.4%) | (38.5%) | 36.4% | 15.0% | 1.1x | 7.3x |
| Community Health Systems, Inc. | 14,834.95 | 2.67 | (28.4%) | (19.6%) | 38.1% | 10.2% | 1.1x | 10.5x |
| Select Medical Holdings Corporation | 7,171.07 | 15.87 | 12.6% | (12.6%) | 19.7% | 12.2% | 1.4x | 11.4x |
| Mean | \$31,582.60 | \$43.59 | (10.1%) | (9.7%) | 33.0% | 14.3% | 1.3x | 9.5x |
| Median | \$17,396.32 | \$18.27 | (12.3%) | (16.1%) | 37.2% | 13.6% | 1.2x | 9.7x |
| Assisted Living/Long-Term Care | | | | | | | | |
| Brookdale Senior Living Inc. | \$7,090.38 | \$7.21 | 9.6% | (20.7%) | 29.7% | 14.6% | 2.1x | 14.2x |
| The Ensign Group, Inc. | 4,288.94 | 56.92 | 11.2% | 58.9% | 14.3% | 9.2% | 2.0x | 22.1x |
| Five Star Senior Living Inc. | 1,481.13 | 0.46 | (52.7%) | (69.3%) | 48.7% | (5.1%) | 1.3x | NM |
| Capital Senior Living Corporation | 1,396.58 | 5.03 | 26.1% | (52.9%) | 32.7% | 12.9% | 3.1x | 23.7x |
| National HealthCare Corporation | 1,358.02 | 81.15 | 6.9% | 15.3% | 40.6% | 10.2% | 1.4x | 13.5x |
| Mean | \$3,123.01 | \$30.15 | 0.2% | (13.7%) | 33.2% | 8.4% | 2.0x | 18.4x |
| Median | \$1,481.13 | \$7.21 | 9.6% | (20.7%) | 32.7% | 10.2% | 2.0x | 18.1x |

Source: S&P Capital IQ

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|-------------------------------------|----------------|-------------|--------------|----------|-------------|---------|------------|--------|
| | Value (\$mils) | Stock Price | 3 month | 12 month | Gross | EBITDA | Revenue | EBITDA |
| Biotechnology | | | | | | | | |
| AbbVie Inc. | \$140,193.72 | \$72.72 | (9.8%) | (21.5%) | 77.1% | 42.7% | 4.3x | 10.1x |
| Amgen Inc. | 119,609.95 | 184.28 | (3.0%) | (0.2%) | 82.3% | 51.7% | 5.0x | 9.8x |
| Celgene Corporation | 78,091.19 | 92.44 | (2.0%) | 16.4% | 92.4% | 48.8% | 5.0x | 10.2x |
| Biogen Inc. | 47,808.25 | 233.87 | (1.1%) | (19.4%) | 85.7% | 51.2% | 3.5x | 6.8x |
| Vertex Pharmaceuticals Incorporated | 44,156.61 | 183.38 | (0.3%) | 7.9% | 42.5% | 27.4% | 13.5x | 49.3x |
| Regeneron Pharmaceuticals, Inc. | 31,646.50 | 313.00 | (23.8%) | (9.3%) | 59.1% | 37.8% | 4.6x | 12.1x |
| Alexion Pharmaceuticals, Inc. | 30,582.59 | 130.98 | (3.1%) | 5.5% | 91.5% | 49.7% | 7.0x | 14.2x |
| IDEXX Laboratories, Inc. | 24,693.03 | 275.33 | 23.1% | 26.3% | 56.4% | 26.5% | 11.0x | 41.3x |
| Incyte Corporation | 16,679.73 | 84.96 | (1.2%) | 26.8% | 36.7% | 17.5% | 8.4x | 47.6x |
| BioMarin Pharmaceutical Inc. | 15,334.53 | 85.65 | (3.6%) | (9.1%) | 33.0% | (4.1%) | 10.1x | NM |
| Merit Medical Systems, Inc. | 3,694.83 | 59.56 | (3.7%) | 16.3% | 44.8% | 16.2% | 4.0x | 24.8x |
| Veracyte, Inc. | 1,326.63 | 28.51 | 13.9% | 205.2% | 66.8% | (12.3%) | 13.1x | NM |
| ArQule, Inc. | 1,232.00 | 11.01 | 129.9% | 99.1% | (32.1%) | (87.2%) | 53.6x | NM |
| Mean | \$42,696.12 | \$135.05 | 8.9% | 26.5% | 56.6% | 20.4% | 11.0x | 22.6x |
| Median | \$30,582.59 | \$92.44 | (2.0%) | 7.9% | 59.1% | 27.4% | 7.0x | 13.1x |

Source: S&P Capital IQ

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|---------------------------------|----------------|-------------|--------------|----------|-------------|--------|------------|--------|
| | Value (\$mils) | Stock Price | 3 month | 12 month | Gross | EBITDA | Revenue | EBITDA |
| Home Care/Hospice | | | | | | | | |
| Encompass Health Corporation | \$9,634.80 | \$63.36 | 8.5% | (6.4%) | 41.1% | 20.8% | 2.2x | 10.6x |
| Chemed Corporation | 5,941.75 | 360.84 | 12.7% | 12.1% | 31.0% | 15.4% | 3.3x | 21.3x |
| Amedisys, Inc. | 4,272.09 | 121.41 | (1.5%) | 42.1% | 40.5% | 10.2% | 2.5x | 24.3x |
| LHC Group, Inc. | 4,153.18 | 119.58 | 7.9% | 39.7% | 36.2% | 9.5% | 2.1x | 21.7x |
| BioScrip, Inc. | 961.12 | 2.60 | 30.0% | (11.3%) | 12.5% | 5.8% | 1.3x | 23.0x |
| Addus HomeCare Corporation | 944.61 | 74.95 | 17.9% | 30.9% | 27.0% | 7.5% | 1.7x | 23.0x |
| Mean | \$4,317.92 | \$123.79 | 12.6% | 17.9% | 31.4% | 11.5% | 2.2x | 20.6x |
| Median | \$4,212.64 | \$97.27 | 10.6% | 21.5% | 33.6% | 9.8% | 2.1x | 22.3x |
| Managed Healthcare | | | | | | | | |
| UnitedHealth Group Incorporated | \$262,605.22 | \$244.01 | (1.3%) | (0.5%) | 23.6% | 8.6% | 1.1x | 13.1x |
| Cigna Corporation | 96,020.55 | 157.55 | (2.0%) | (7.3%) | 24.6% | 9.3% | 1.3x | 13.8x |
| Anthem, Inc. | 88,727.20 | 282.21 | (1.7%) | 18.6% | 21.3% | 6.9% | 0.9x | 13.6x |
| Humana Inc. | 38,645.79 | 265.30 | (0.3%) | (10.9%) | 18.8% | 5.8% | 0.7x | 11.3x |
| Centene Corporation | 23,050.96 | 52.44 | (1.2%) | (14.9%) | 18.2% | 4.7% | 0.4x | 8.0x |
| WellCare Health Plans, Inc. | 13,502.90 | 285.07 | 5.7% | 15.8% | 14.5% | 4.4% | 0.6x | 13.6x |
| Molina Healthcare, Inc. | 7,392.28 | 143.14 | 0.8% | 46.2% | 16.2% | 7.2% | 0.4x | 5.8x |
| Magellan Health, Inc. | 2,402.30 | 74.23 | 12.6% | (22.6%) | 2.6% | 1.9% | 0.3x | 17.6x |
| Triple-S Management Corporation | 486.58 | 23.85 | 4.5% | (38.9%) | 16.9% | (0.8%) | 0.2x | NM |
| Mean | \$59,203.76 | \$169.76 | 1.9% | (1.6%) | 17.4% | 5.3% | 0.7x | 12.1x |
| Median | \$23,050.96 | \$157.55 | (0.3%) | (7.3%) | 18.2% | 5.8% | 0.6x | 13.3x |

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| Medical Equipment | | | | | | | | |
| Johnson & Johnson | \$384,735.20 | \$139.28 | (0.4%) | 14.8% | 67.0% | 34.4% | 4.7x | 13.7x |
| Abbott Laboratories | 165,272.64 | 84.10 | 5.2% | 37.9% | 58.5% | 23.7% | 5.4x | 22.7x |
| Medtronic plc | 146,206.25 | 97.39 | 6.9% | 13.8% | 70.3% | 30.2% | 4.8x | 15.8x |
| Danaher Corporation | 110,503.84 | 142.92 | 8.3% | 44.8% | 55.8% | 24.1% | 5.5x | 22.8x |
| Stryker Corporation | 83,762.97 | 205.58 | 4.1% | 21.7% | 65.9% | 28.0% | 6.0x | 21.5x |
| Boston Scientific Corporation | 69,125.24 | 42.98 | 12.0% | 31.4% | 71.0% | 26.7% | 7.0x | 26.1x |
| Baxter International Inc. | 44,677.80 | 81.90 | 0.7% | 10.9% | 43.3% | 23.4% | 4.0x | 17.3x |
| Teleflex Incorporated | 17,273.87 | 331.15 | 9.6% | 23.5% | 58.0% | 27.2% | 7.0x | 25.7x |
| Hill-Rom Holdings, Inc. | 8,787.86 | 104.62 | (1.2%) | 19.8% | 49.1% | 19.8% | 3.1x | 15.5x |
| Mean | \$114,482.85 | \$136.66 | 5.0% | 24.3% | 59.9% | 26.4% | 5.3x | 20.1x |
| Median | \$83,762.97 | \$104.62 | 5.2% | 21.7% | 58.5% | 26.7% | 5.4x | 21.5x |
| Medical/Surgical Supplies | | | | | | | | |
| McKesson Corporation | \$31,298.22 | \$134.39 | 14.8% | 0.7% | 5.5% | 2.0% | 0.1x | 7.4x |
| AmerisourceBergen Corporation | 19,803.93 | 85.26 | 7.2% | (0.0%) | 2.7% | 1.3% | 0.1x | 8.7x |
| Cardinal Health, Inc. | 19,682.62 | 47.10 | (2.2%) | (3.5%) | 4.8% | 1.9% | 0.1x | 7.1x |
| Henry Schein, Inc. | 12,774.94 | 69.90 | 16.3% | (3.8%) | 27.3% | 8.4% | 1.0x | 11.4x |
| Owens & Minor, Inc. | 2,074.86 | 3.20 | (22.0%) | (80.8%) | 14.4% | 2.2% | 0.2x | 9.5x |
| Mean | \$17,126.91 | \$67.97 | 2.8% | (17.5%) | 10.9% | 3.2% | 0.3x | 8.8x |
| Median | \$19,682.62 | \$69.90 | 7.2% | (3.5%) | 5.5% | 2.0% | 0.1x | 8.7x |

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|----------------------------------|--------------------|-----------------|--------------|--------------|--------------|--------------|-------------|--------------|
| | Value (\$mils) | Stock Price | 3 month | 12 month | Gross | EBITDA | Revenue | EBITDA |
| Retail/Specialty Pharmacy | | | | | | | | |
| CVS Health Corporation | \$158,335.53 | \$54.49 | 1.0% | (15.3%) | 16.6% | 6.5% | 0.8x | 11.6x |
| Walgreens Boots Alliance, Inc. | 66,783.85 | 54.67 | (13.6%) | (8.9%) | 22.3% | 5.3% | 0.5x | 9.2x |
| Rite Aid Corporation | 7,098.45 | 8.01 | (36.9%) | (76.8%) | 21.4% | 2.2% | 0.3x | 15.1x |
| Diplomat Pharmacy, Inc. | 1,090.85 | 6.09 | 4.8% | (76.2%) | 6.8% | 1.9% | 0.2x | 10.5x |
| Mean | \$58,327.17 | \$30.82 | (11.2%) | (44.3%) | 16.8% | 4.0% | 0.4x | 11.6x |
| Median | \$36,941.15 | \$31.25 | (6.3%) | (45.7%) | 19.0% | 3.7% | 0.4x | 11.1x |
| Staffing and Services | | | | | | | | |
| Surgery Partners, Inc. | \$4,369.14 | \$8.14 | (7.1%) | (41.7%) | 23.5% | 14.8% | 1.2x | 7.9x |
| MEDNAX, Inc. | 4,253.18 | 25.23 | (27.8%) | (45.4%) | 27.8% | 18.6% | 2.5x | 13.2x |
| AMN Healthcare Services, Inc. | 3,093.09 | 54.25 | 15.2% | (7.4%) | 32.9% | 11.5% | 1.4x | 12.5x |
| Cross Country Healthcare, Inc. | 430.81 | 9.38 | 33.4% | (16.6%) | 25.5% | 2.6% | 0.5x | 20.4x |
| Mean | \$3,036.56 | \$24.25 | 3.4% | (27.8%) | 27.4% | 11.9% | 1.4x | 13.5x |
| Median | \$3,673.14 | \$17.31 | 4.0% | (29.2%) | 26.7% | 13.2% | 1.3x | 12.9x |
| Healthcare Mean | \$49,697.44 | \$121.33 | 4.6% | 11.9% | 41.7% | 15.6% | 4.9x | 18.0x |
| Healthcare Median | \$16,976.80 | \$89.05 | 2.3% | 12.9% | 39.3% | 14.8% | 3.1x | 14.2x |

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Healthcare Expertise

GCG offers a unique breadth and depth of expertise in Healthcare from both an operational and transactional standpoint. Our professionals bring direct experience in senior operating roles within the industry to augment our investment banking and consulting services.

Healthcare is an evolving industry facing many opportunities and challenges. GCG's healthcare investment banking team leverages its deep industry knowledge and experience to provide strategic financial solutions for our clients in this rapidly changing environment. Our professionals are dedicated to understanding complex industry dynamics while providing merger and acquisition advisory services to companies and investors across several sectors in Healthcare.

More about Greenwich Capital Group

Greenwich Capital Group ("GCG") is a middle market focused advisory firm offering a range of investment banking and consulting services to private companies, public companies and private equity investors. For additional perspective or to discuss M&A related opportunities in the healthcare sector, please reach out to GCG's Healthcare practice leader, Joe Schmitt. For more information, please visit www.greenwichgp.com.



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Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email info@greenwichgp.com.

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