



# INDUSTRY UPDATE

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HEALTHCARE  
Q4 2019



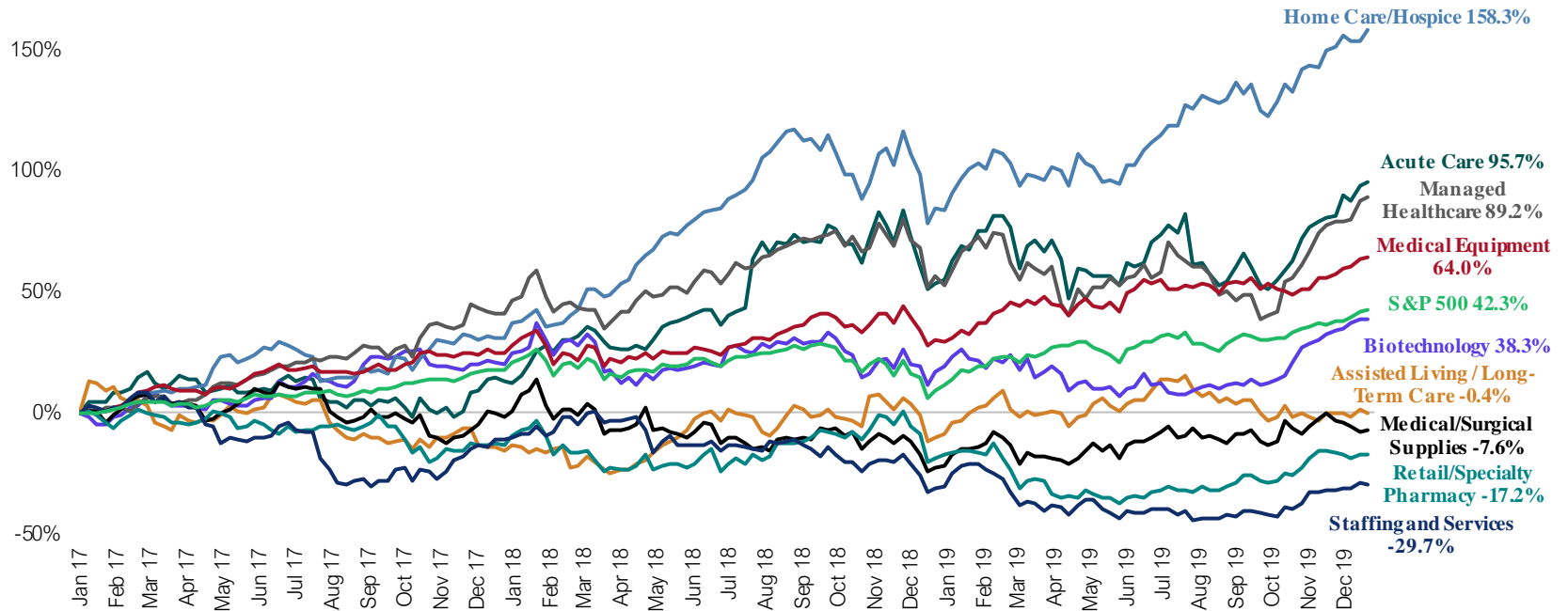
GREENWICH  
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## Public Market Performance

Q4 2019 saw mostly positive returns in the Healthcare industry and across the broader U.S. equity market from the previous quarter. On a 3-year period ending December 31, the S&P 500 returned 42.3%. Some sectors, over others, in the Healthcare industry exhibited strong performance on a 12-month basis. The industry has been led by the Homecare/Hospice and Acute Care segments, both of which outperformed the S&P 500, with stock gains of 158.3% and 95.7%, respectively, over the past three years.

### Healthcare Market Performance



Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2019

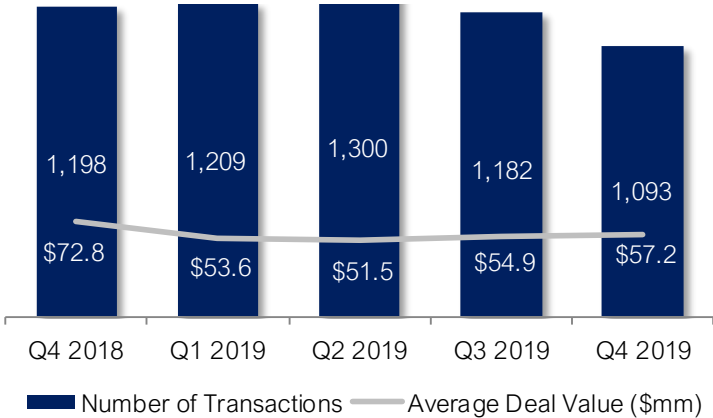


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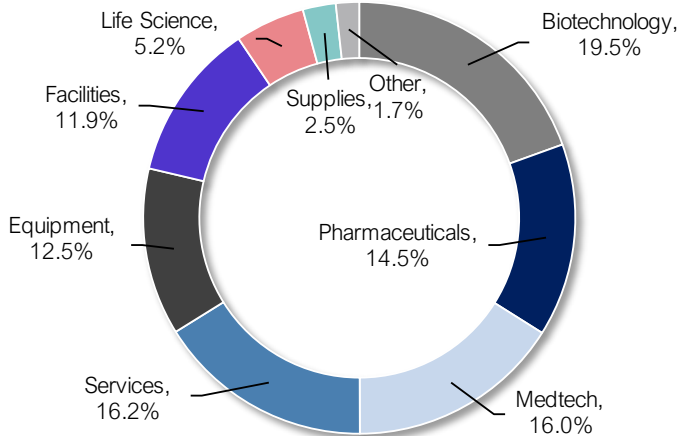
## Middle-Market M&A Activity

Q4 2019 M&A activity displayed a slight increase in transaction values since Q3 2019 in the Healthcare sector. While transaction volume fell from the previous quarter, transaction values increased roughly 4%. Strategic buyers continue to dominate overall deal activity and have sought acquisitions to offset slowing organic growth and to diversify their offerings. The Biotechnology category led activity, accounting for 19.5% of total Healthcare transaction volume. The Healthcare Services sector proved to be an attractive target as well with 16.2% of deal flow.

Healthcare M&A Activity

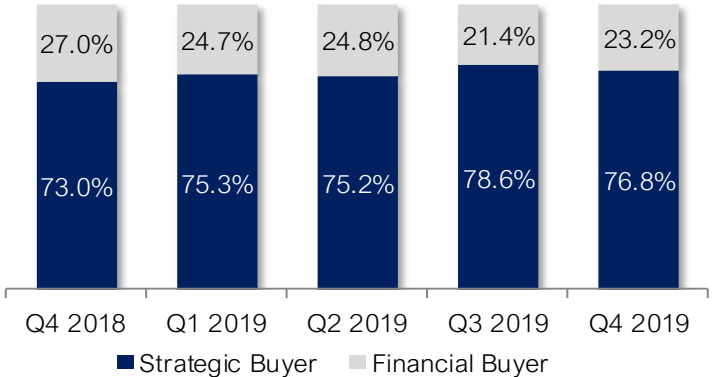


Q4 2019 M&A Activity by Sector



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 12/31/2019

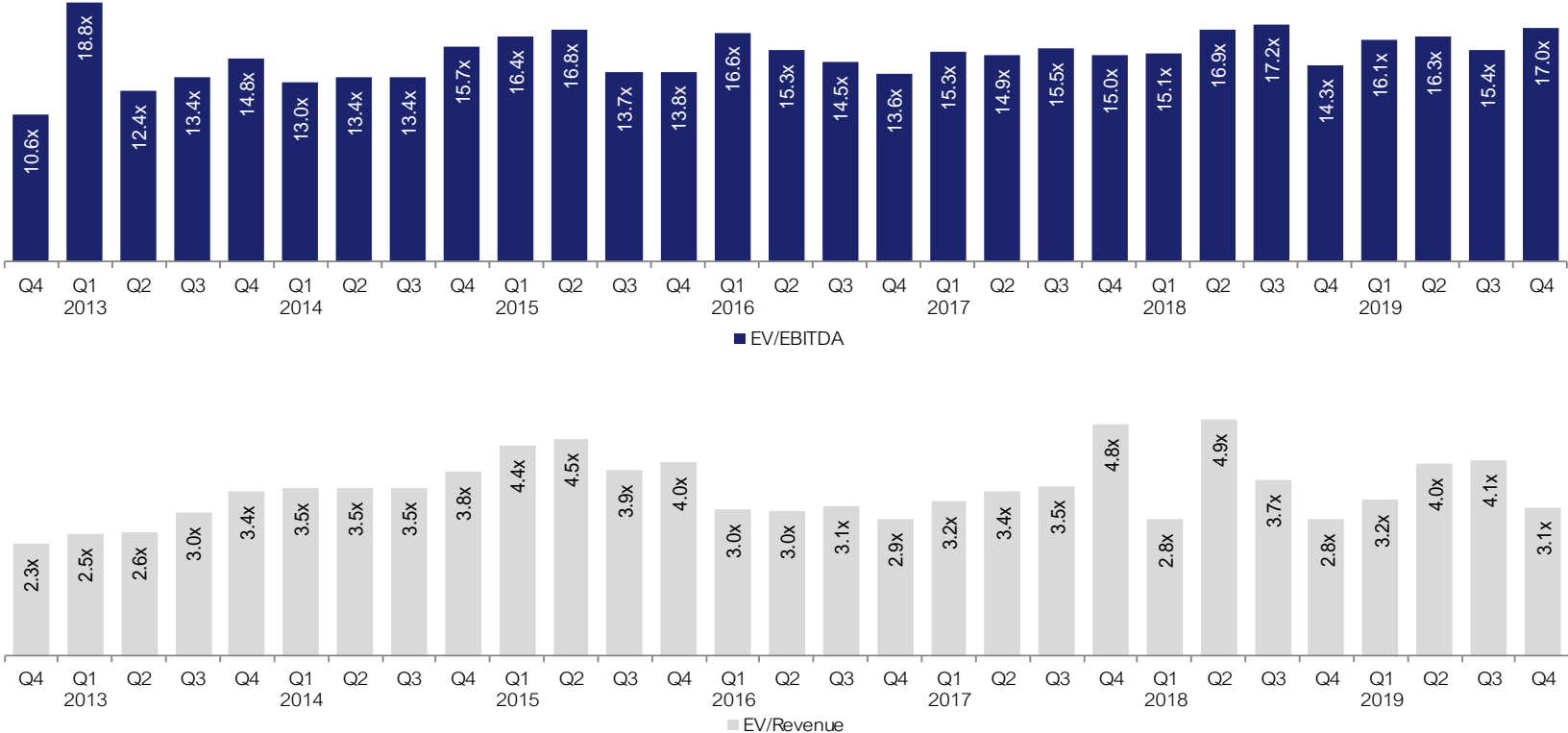
M&A Activity by Buyer Type



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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 17.0x EBITDA and 3.1x 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 12/31/2019



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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
<b>Acute-Care</b>								
HCA Healthcare, Inc.	\$87,636.94	\$147.81	22.7%	18.8%	37.7%	19.2%	1.7x	9.1x
Tenet Healthcare Corporation	21,979.13	38.03	71.9%	121.9%	36.3%	15.5%	1.2x	7.8x
Community Health Systems, Inc.	14,995.25	2.90	(19.4%)	2.8%	38.4%	10.1%	1.1x	11.1x
Select Medical Holdings Corporation	8,497.23	23.34	40.9%	52.1%	19.7%	12.4%	1.6x	12.9x
Mean	\$33,277.14	\$53.02	29.0%	48.9%	33.0%	14.3%	1.4x	10.2x
Median	\$18,487.19	\$30.69	31.8%	35.4%	37.0%	13.9%	1.4x	10.1x
<b>Assisted Living/Long-Term Care</b>								
Brookdale Senior Living Inc.	\$7,002.17	\$7.27	(4.1%)	8.5%	28.0%	12.5%	2.1x	17.0x
The Ensign Group, Inc.	3,689.94	45.37	(4.3%)	17.0%	14.8%	9.6%	1.6x	16.9x
National HealthCare Corporation	1,367.81	86.43	5.6%	10.2%	40.4%	9.5%	1.4x	14.6x
Capital Senior Living Corporation	1,322.40	3.09	(29.5%)	(54.6%)	32.0%	10.6%	2.9x	27.7x
Five Star Senior Living Inc.	870.93	3.71	(21.1%)	(22.7%)	47.9%	(2.6%)	0.8x	NM
Mean	\$2,850.65	\$29.17	(10.7%)	(8.3%)	32.6%	7.9%	1.8x	19.0x
Median	\$1,367.81	\$7.27	(4.3%)	8.5%	32.0%	9.6%	1.6x	17.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2019



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<b>Biotechnology</b>								
AbbVie Inc.	\$159,130.82	\$88.54	16.9%	(4.0%)	77.3%	47.0%	4.8x	10.3x
Amgen Inc.	152,663.83	241.07	24.6%	23.8%	82.1%	51.1%	6.5x	12.8x
Bristol-Myers Squibb Company	143,808.22	64.19	26.6%	23.5%	70.4%	32.1%	5.9x	18.5x
Biogen Inc.	55,535.62	296.73	27.5%	(1.4%)	86.0%	54.6%	3.9x	7.1x
Vertex Pharmaceuticals Incorporated	52,956.37	218.95	29.2%	32.1%	39.3%	25.0%	14.6x	58.5x
Regeneron Pharmaceuticals, Inc.	38,908.75	375.48	35.4%	0.5%	52.4%	32.2%	5.1x	15.9x
Alexion Pharmaceuticals, Inc.	24,583.39	108.15	10.4%	11.1%	92.0%	50.3%	5.2x	10.3x
IDEXX Laboratories, Inc.	23,303.99	261.13	(4.0%)	40.4%	56.8%	27.2%	9.9x	36.5x
Incyte Corporation	16,896.55	87.32	17.6%	37.3%	40.5%	22.2%	8.0x	36.2x
BioMarin Pharmaceutical Inc.	15,375.41	84.55	25.4%	(0.7%)	34.1%	(3.2%)	9.6x	NM
ArQule, Inc.	2,304.70	19.96	178.4%	620.6%	NA	(799.0%)	482.7x	NM
Merit Medical Systems, Inc.	2,209.97	31.22	2.5%	(44.1%)	43.8%	14.5%	2.3x	15.7x
Veracyte, Inc.	1,181.91	27.92	16.3%	121.9%	69.8%	(6.2%)	10.2x	NM
Mean	\$52,989.19	\$146.55	31.3%	66.2%	62.0%	(34.8%)	43.8x	22.2x
Median	\$24,583.39	\$88.54	24.6%	23.5%	63.3%	27.2%	6.5x	15.8x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2019



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Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
<b>Home Care/Hospice</b>								
Encompass Health Corporation	\$10,673.62	\$69.27	9.5%	12.3%	40.6%	20.1%	2.4x	11.8x
Chemed Corporation	7,268.93	439.26	5.2%	55.1%	31.3%	15.8%	3.9x	24.5x
Amedisys, Inc.	5,688.19	166.92	27.4%	42.5%	40.9%	10.0%	3.0x	30.2x
LHC Group, Inc.	4,751.60	137.76	21.3%	46.7%	36.6%	10.4%	2.3x	22.1x
Option Care Health, Inc.	3,938.39	3.73	16.6%	-	21.4%	3.2%	1.9x	58.6x
Addus HomeCare Corporation	1,337.48	97.22	22.6%	43.2%	27.0%	7.0%	2.2x	31.8x
Mean	\$5,609.70	\$152.36	17.1%	40.0%	33.0%	11.1%	2.6x	29.8x
Median	\$5,219.90	\$117.49	18.9%	43.2%	33.9%	10.2%	2.3x	27.4x
<b>Managed Healthcare</b>								
UnitedHealth Group Incorporated	\$315,803.04	\$293.98	35.3%	18.0%	23.5%	8.8%	1.3x	15.0x
Cigna Corporation	111,231.75	204.49	34.7%	7.7%	17.8%	8.1%	0.9x	10.6x
Anthem, Inc.	93,728.84	302.03	25.8%	15.0%	20.8%	6.7%	0.9x	13.9x
Humana Inc.	49,790.79	366.52	43.4%	27.9%	17.8%	5.8%	0.8x	13.8x
Centene Corporation	27,754.36	62.87	45.3%	9.1%	17.1%	4.7%	0.4x	8.7x
WellCare Health Plans, Inc.	16,349.18	330.21	27.4%	39.9%	13.0%	4.3%	0.6x	13.9x
Molina Healthcare, Inc.	7,400.76	135.69	23.7%	16.8%	15.2%	7.0%	0.4x	6.4x
Magellan Health, Inc.	2,454.08	78.25	26.0%	37.5%	2.4%	1.7%	0.3x	19.8x
Triple-S Management Corporation	372.79	18.49	38.0%	11.8%	20.4%	3.9%	0.1x	2.9x
Mean	\$69,431.73	\$199.17	33.3%	20.4%	16.5%	5.7%	0.6x	11.7x
Median	\$27,754.36	\$204.49	34.7%	16.8%	17.8%	5.8%	0.6x	13.8x

Source: S&P Capital IQ, Note: All values based on publicly available data as of 12/31/2019



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## Public Comparable Companies

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<b>Medical Equipment</b>								
Johnson & Johnson	\$399,063.23	\$145.87	12.7%	13.0%	66.7%	34.6%	4.9x	14.1x
Abbott Laboratories	169,476.06	86.86	3.8%	20.1%	58.8%	24.7%	5.4x	21.9x
Medtronic plc	168,439.83	113.45	4.4%	24.7%	69.6%	30.6%	5.5x	17.8x
Danaher Corporation	117,229.42	153.48	6.3%	48.8%	55.7%	23.8%	5.7x	24.1x
Stryker Corporation	85,345.54	209.94	(2.9%)	33.9%	65.7%	28.5%	5.9x	20.6x
Boston Scientific Corporation	73,951.70	45.22	11.1%	28.0%	71.1%	26.4%	7.1x	27.0x
Baxter International Inc.	45,577.68	83.62	(4.4%)	27.0%	43.1%	23.6%	4.1x	17.4x
Teleflex Incorporated	19,266.94	376.44	10.8%	45.6%	58.6%	27.5%	7.5x	27.4x
Hill-Rom Holdings, Inc.	9,816.60	113.53	7.9%	28.2%	49.3%	19.2%	3.4x	17.6x
Mean	\$120,907.44	\$147.60	5.5%	29.9%	59.8%	26.5%	5.5x	20.9x
Median	\$85,345.54	\$113.53	6.3%	28.0%	58.8%	26.4%	5.5x	20.6x
<b>Medical/Surgical Supplies</b>								
McKesson Corporation	\$35,496.59	\$138.32	1.2%	25.2%	5.3%	1.8%	0.2x	9.1x
Cardinal Health, Inc.	21,991.06	50.58	7.2%	13.4%	4.6%	1.9%	0.1x	7.7x
AmerisourceBergen Corporation	18,741.01	85.02	3.3%	14.3%	2.8%	1.3%	0.1x	8.0x
Henry Schein, Inc.	11,967.49	66.72	5.1%	(15.0%)	27.4%	8.6%	0.9x	10.3x
Owens & Minor, Inc.	2,096.62	5.17	(11.0%)	(18.3%)	14.7%	1.8%	0.2x	11.6x
Mean	\$18,058.55	\$69.16	1.1%	3.9%	11.0%	3.1%	0.3x	9.3x
Median	\$18,741.01	\$66.72	3.3%	13.4%	5.3%	1.8%	0.2x	9.1x

Source: S&P Capital IQ

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<b>Retail/Specialty Pharmacy</b>								
CVS Health Corporation	\$179,118.62	\$74.29	17.8%	13.4%	17.5%	6.5%	0.7x	11.4x
Walgreens Boots Alliance, Inc.	69,902.74	58.96	6.6%	(13.7%)	21.6%	4.9%	0.5x	10.4x
Rite Aid Corporation	7,364.84	15.47	122.6%	9.2%	21.4%	2.4%	0.3x	14.3x
Diplomat Pharmacy, Inc.	881.27	4.00	(18.4%)	(70.3%)	6.0%	1.0%	0.2x	16.2x
Mean	\$64,316.87	\$38.18	32.2%	(15.4%)	16.6%	3.7%	0.4x	13.1x
Median	\$38,633.79	\$37.22	12.2%	(2.3%)	19.5%	3.6%	0.4x	12.8x
<b>Staffing and Services</b>								
Surgery Partners, Inc.	\$4,820.94	\$15.66	22.9%	(15.8%)	23.6%	14.3%	1.1x	8.0x
MEDNAX, Inc.	4,227.04	27.79	112.0%	59.9%	27.4%	18.8%	2.7x	14.2x
AMN Healthcare Services, Inc.	3,593.01	62.31	8.3%	10.0%	33.2%	10.8%	1.7x	15.3x
Cross Country Healthcare, Inc.	515.41	11.62	12.8%	58.5%	24.9%	2.2%	0.6x	29.6x
Mean	\$3,289.10	\$29.34	39.0%	28.2%	27.3%	11.5%	1.5x	16.8x
Median	\$3,910.02	\$21.72	17.8%	34.2%	26.2%	12.6%	1.4x	14.8x
<b>Healthcare Mean</b>	<b>\$56,150.70</b>	<b>\$136.92</b>	<b>20.0%</b>	<b>37.1%</b>	<b>42.8%</b>	<b>0.0%</b>	<b>14.2x</b>	<b>19.3x</b>
<b>Healthcare Median</b>	<b>\$18,081.74</b>	<b>\$92.88</b>	<b>17.3%</b>	<b>23.5%</b>	<b>40.4%</b>	<b>13.5%</b>	<b>3.0x</b>	<b>16.4x</b>

Source: S&P Capital IQ

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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](http://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](mailto:info@greenwichgp.com).

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