



# INDUSTRY UPDATE

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HEALTHCARE  
Q1 2020



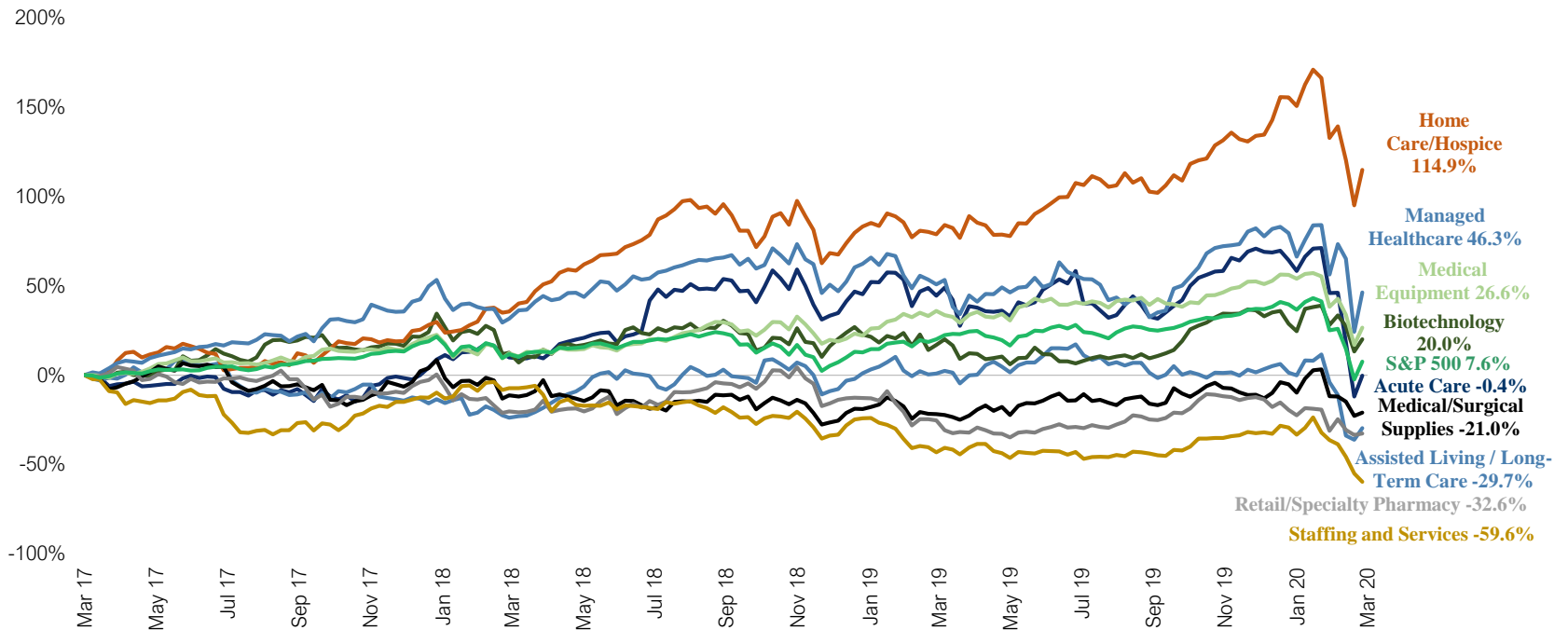
GREENWICH  
CAPITAL GROUP

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## Public Market Performance

Q1 2020 saw mostly negative returns in the Healthcare industry and across the broader U.S. equity market from the previous quarter. COVID-19, the recent economic volatility and uncertainty across many businesses and investors has significantly impacted the returns of these public sectors. On a 3-year period ending March 31, the S&P 500 returned 7.6%. 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 Managed Healthcare segments, both of which outperformed the S&P 500, with stock gains of 114.9% and 46.3%, respectively, over the past three years.

### Healthcare Market Performance



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2020

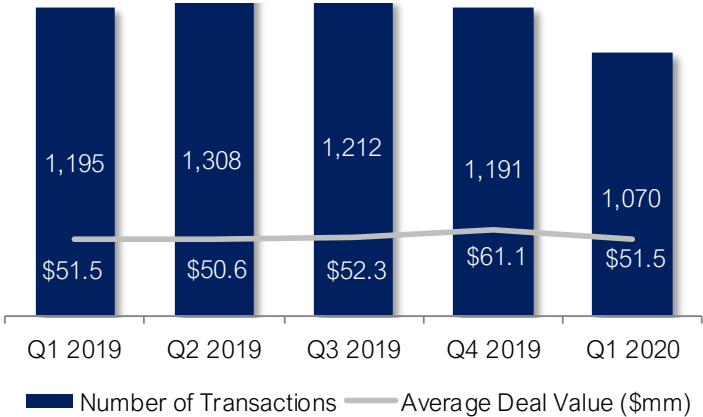


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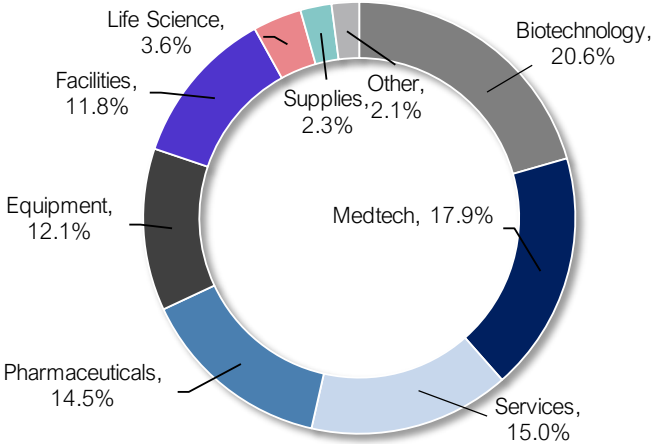
## Middle-Market M&A Activity

Q1 2020 M&A activity displayed a slight decrease in transaction values and volume since the previous quarter. The impact of COVID-19 likely plays a role in slowdown of acquisitions during the end of Q1. 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 20.6% of total Healthcare transaction volume. The Medtech sector proved to be an attractive target as well with 17.9% of deal flow.

Healthcare M&A Activity

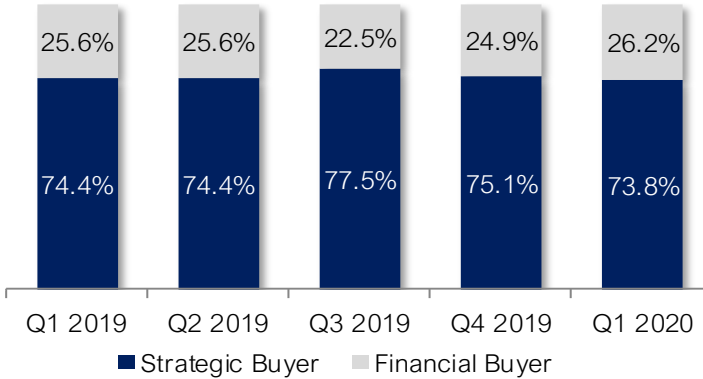


Q1 2020 M&A Activity by Sector



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 3/31/2020

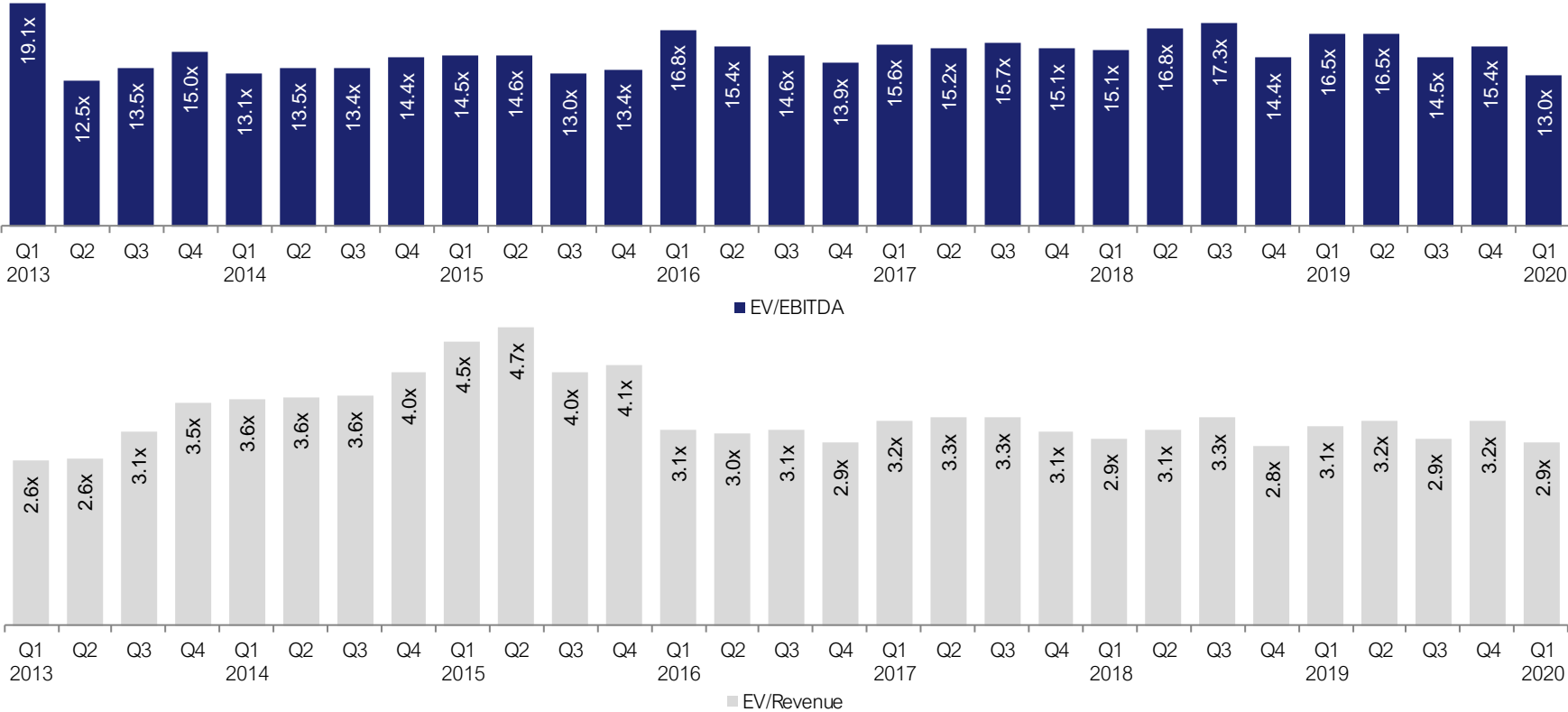
M&A Activity by Buyer Type



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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 13.0x EBITDA and 2.9x 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 3/31/2020



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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.	\$67,464.42	\$89.85	(39.2%)	(31.1%)	37.6%	20.9%	1.3x	6.3x
Tenet Healthcare Corporation	19,367.76	14.40	(62.1%)	(50.1%)	36.2%	18.4%	1.0x	5.7x
Community Health Systems, Inc.	14,773.76	3.34	15.2%	(10.5%)	38.7%	13.1%	1.1x	8.6x
Select Medical Holdings Corporation	7,317.41	15.00	(35.7%)	6.5%	14.9%	18.7%	1.3x	7.2x
Mean	\$27,230.84	\$30.65	(30.5%)	(21.3%)	31.9%	17.8%	1.2x	6.9x
Median	\$17,070.76	\$14.70	(37.5%)	(20.8%)	36.9%	18.6%	1.2x	6.7x
<b>Assisted Living/Long-Term Care</b>								
Brookdale Senior Living Inc.	\$6,130.86	\$3.12	(57.1%)	(52.6%)	27.4%	20.9%	1.9x	9.0x
The Ensign Group, Inc.	3,285.19	37.61	(17.1%)	(26.5%)	14.3%	14.9%	1.6x	10.8x
Capital Senior Living Corporation	1,181.77	0.58	(81.2%)	(85.5%)	32.6%	25.1%	2.7x	10.6x
National HealthCare Corporation	1,129.57	71.73	(17.0%)	(5.5%)	40.5%	14.5%	1.1x	7.8x
Five Star Senior Living Inc.	77.58	2.78	(25.1%)	(71.5%)	47.9%	13.0%	0.1x	0.5x
Mean	\$2,360.99	\$23.16	(39.5%)	(48.3%)	32.5%	17.7%	1.5x	7.8x
Median	\$1,181.77	\$3.12	(25.1%)	(52.6%)	32.6%	14.9%	1.6x	9.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2020



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<b>Biotechnology</b>								
Bristol-Myers Squibb Company	\$158,355.71	\$55.74	(13.2%)	16.8%	72.4%	34.0%	6.1x	17.8x
Amgen Inc.	141,091.54	202.73	(15.9%)	6.7%	81.4%	51.1%	6.0x	11.8x
AbbVie Inc.	139,671.70	76.19	(13.9%)	(5.5%)	77.6%	47.9%	4.2x	8.8x
Vertex Pharmaceuticals Incorporated	58,557.83	237.95	8.7%	29.4%	44.7%	32.3%	14.1x	43.6x
Biogen Inc.	57,031.47	316.38	6.6%	33.8%	86.4%	53.9%	4.0x	7.4x
Regeneron Pharmaceuticals, Inc.	50,677.48	488.29	30.0%	18.9%	51.4%	31.3%	6.4x	20.6x
IDEXX Laboratories, Inc.	21,625.45	242.24	(7.2%)	8.3%	56.7%	28.2%	9.0x	31.9x
Alexion Pharmaceuticals, Inc.	20,016.96	89.79	(17.0%)	(33.6%)	92.1%	50.5%	4.0x	7.9x
BioMarin Pharmaceutical Inc.	15,359.53	84.50	(0.1%)	(4.9%)	36.9%	0.8%	9.0x	NM
Incyte Corporation	13,829.00	73.23	(16.1%)	(14.9%)	41.2%	22.7%	6.4x	28.2x
Merit Medical Systems, Inc.	2,204.96	31.25	0.1%	(49.5%)	43.5%	16.4%	2.2x	13.5x
Veracyte, Inc.	1,063.44	24.31	(12.9%)	(2.8%)	69.7%	(6.7%)	8.8x	NM
Mean	\$56,623.76	\$160.22	(4.2%)	0.2%	62.8%	30.2%	6.7x	19.2x
Median	\$36,151.46	\$87.15	(10.1%)	1.9%	63.2%	31.8%	6.2x	15.7x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2020



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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	\$10,135.19	\$64.03	(7.6%)	9.6%	40.5%	21.7%	2.2x	10.2x
Chemed Corporation	7,164.96	433.20	(1.4%)	35.3%	31.8%	18.6%	3.7x	19.9x
Amedisys, Inc.	6,227.76	183.54	10.0%	48.9%	41.2%	12.3%	3.2x	25.9x
LHC Group, Inc.	4,848.55	140.20	1.8%	26.5%	36.3%	10.7%	2.3x	21.9x
Addus HomeCare Corporation	880.96	67.60	(30.5%)	6.3%	27.0%	8.0%	1.5x	18.5x
Mean	\$5,851.48	\$177.71	(5.5%)	25.3%	35.4%	14.2%	2.6x	19.3x
Median	\$6,227.76	\$140.20	(1.4%)	26.5%	36.3%	12.3%	2.3x	19.9x
<b>Managed Healthcare</b>								
UnitedHealth Group Incorporated	\$274,753.23	\$249.38	(15.2%)	0.9%	24.1%	9.3%	1.1x	12.0x
Cigna Corporation	99,356.70	177.18	(13.4%)	10.2%	16.4%	7.8%	0.6x	8.2x
Anthem, Inc.	73,384.24	227.04	(24.8%)	(20.9%)	21.5%	7.2%	0.7x	9.8x
Humana Inc.	43,774.53	314.02	(14.3%)	18.1%	17.0%	5.7%	0.7x	11.9x
Centene Corporation	37,400.42	59.41	(5.5%)	11.9%	16.9%	4.8%	0.5x	11.0x
Molina Healthcare, Inc.	7,615.85	139.71	3.0%	(1.6%)	14.9%	7.0%	0.5x	6.7x
Magellan Health, Inc.	1,734.66	48.11	(38.5%)	(27.0%)	3.2%	2.8%	0.2x	8.6x
Triple-S Management Corporation	320.37	14.10	(23.7%)	(35.1%)	21.0%	4.9%	0.1x	1.9x
Mean	\$67,292.50	\$153.62	(16.6%)	(5.4%)	16.9%	6.2%	0.6x	8.8x
Median	\$40,587.48	\$158.45	(14.7%)	(0.4%)	16.9%	6.3%	0.6x	9.2x

Source: S&P Capital IQ, Note: All values based on publicly available data as of 3/31/2020



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<b>Medical Equipment</b>								
Johnson & Johnson	\$354,406.87	\$131.13	(10.1%)	(6.2%)	66.3%	34.9%	4.3x	12.3x
Abbott Laboratories	154,324.52	78.91	(9.2%)	(1.3%)	58.5%	25.7%	4.8x	18.7x
Medtronic plc	135,968.18	90.18	(20.5%)	(1.0%)	69.4%	31.3%	4.4x	14.0x
Danaher Corporation	100,681.86	138.41	(9.8%)	4.8%	55.7%	26.3%	5.6x	21.4x
Stryker Corporation	69,457.15	166.49	(20.7%)	(15.7%)	65.8%	28.9%	4.7x	16.2x
Boston Scientific Corporation	55,789.89	32.63	(27.8%)	(15.0%)	71.1%	27.0%	5.2x	19.3x
Baxter International Inc.	43,888.06	81.19	(2.9%)	(0.1%)	43.3%	26.3%	3.9x	14.7x
Teleflex Incorporated	15,288.64	292.86	(22.2%)	(3.1%)	57.5%	28.6%	5.9x	20.6x
Hill-Rom Holdings, Inc.	8,620.29	100.60	(11.4%)	(5.0%)	49.7%	19.2%	3.0x	15.5x
Mean	\$104,269.49	\$123.60	(15.0%)	(4.7%)	59.7%	27.6%	4.6x	16.9x
Median	\$69,457.15	\$100.60	(11.4%)	(3.1%)	58.5%	27.0%	4.7x	16.2x
<b>Medical/Surgical Supplies</b>								
McKesson Corporation	\$35,542.98	\$135.26	(2.2%)	15.5%	5.3%	1.2%	0.2x	13.0x
Cardinal Health, Inc.	20,692.10	47.94	(5.2%)	(0.4%)	4.6%	1.9%	0.1x	7.4x
AmerisourceBergen Corporation	19,809.93	88.50	4.1%	11.3%	2.7%	1.3%	0.1x	8.5x
Henry Schein, Inc.	9,055.69	50.52	(24.3%)	(16.0%)	31.0%	10.3%	0.9x	8.8x
Owens & Minor, Inc.	2,235.61	9.15	77.0%	123.2%	12.3%	2.8%	0.2x	8.7x
Mean	\$17,467.26	\$66.27	9.9%	26.7%	11.2%	3.5%	0.3x	9.3x
Median	\$19,809.93	\$50.52	(2.2%)	11.3%	5.3%	1.9%	0.2x	8.7x

Source: S&P Capital IQ

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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>Retail/Specialty Pharmacy</b>								
CVS Health Corporation	\$158,627.79	\$59.33	(20.1%)	10.0%	17.4%	7.6%	0.6x	8.1x
Walgreens Boots Alliance, Inc.	82,432.17	45.75	(22.4%)	(27.7%)	21.2%	5.8%	0.6x	10.3x
Rite Aid Corporation	7,339.57	15.00	(3.0%)	18.1%	21.6%	6.2%	0.3x	5.4x
Mean	\$82,799.84	\$40.03	(15.2%)	0.1%	20.1%	6.5%	0.5x	7.9x
Median	\$82,432.17	\$45.75	(20.1%)	10.0%	21.2%	6.2%	0.6x	8.1x
<b>Staffing and Services</b>								
Surgery Partners, Inc.	\$4,532.86	\$6.53	(7.2%)	22.8%	23.1%	19.4%	1.5x	7.8x
AMN Healthcare Services, Inc.	3,347.98	57.81	(58.3%)	(42.1%)	33.5%	15.5%	2.5x	15.9x
MEDNAX, Inc.	2,594.40	11.64	(58.1%)	(57.2%)	25.4%	15.3%	0.7x	4.8x
Cross Country Healthcare, Inc.	343.19	6.74	(42.0%)	(4.1%)	24.8%	4.5%	0.4x	9.2x
Mean	\$2,704.61	\$20.68	(41.4%)	(20.2%)	26.7%	13.7%	1.3x	9.4x
Median	\$2,971.19	\$9.19	(50.1%)	(23.1%)	25.1%	15.4%	1.1x	8.5x
<b>Healthcare Mean</b>	<b>\$48,232.56</b>	<b>\$107.73</b>	<b>(15.0%)</b>	<b>(4.2%)</b>	<b>38.5%</b>	<b>17.9%</b>	<b>2.9x</b>	<b>13.0x</b>
<b>Healthcare Median</b>	<b>\$15,359.53</b>	<b>\$73.23</b>	<b>(13.9%)</b>	<b>(1.6%)</b>	<b>36.3%</b>	<b>15.4%</b>	<b>1.9x</b>	<b>10.6x</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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