



INDUSTRY UPDATE

HEALTHCARE
Q2 2020

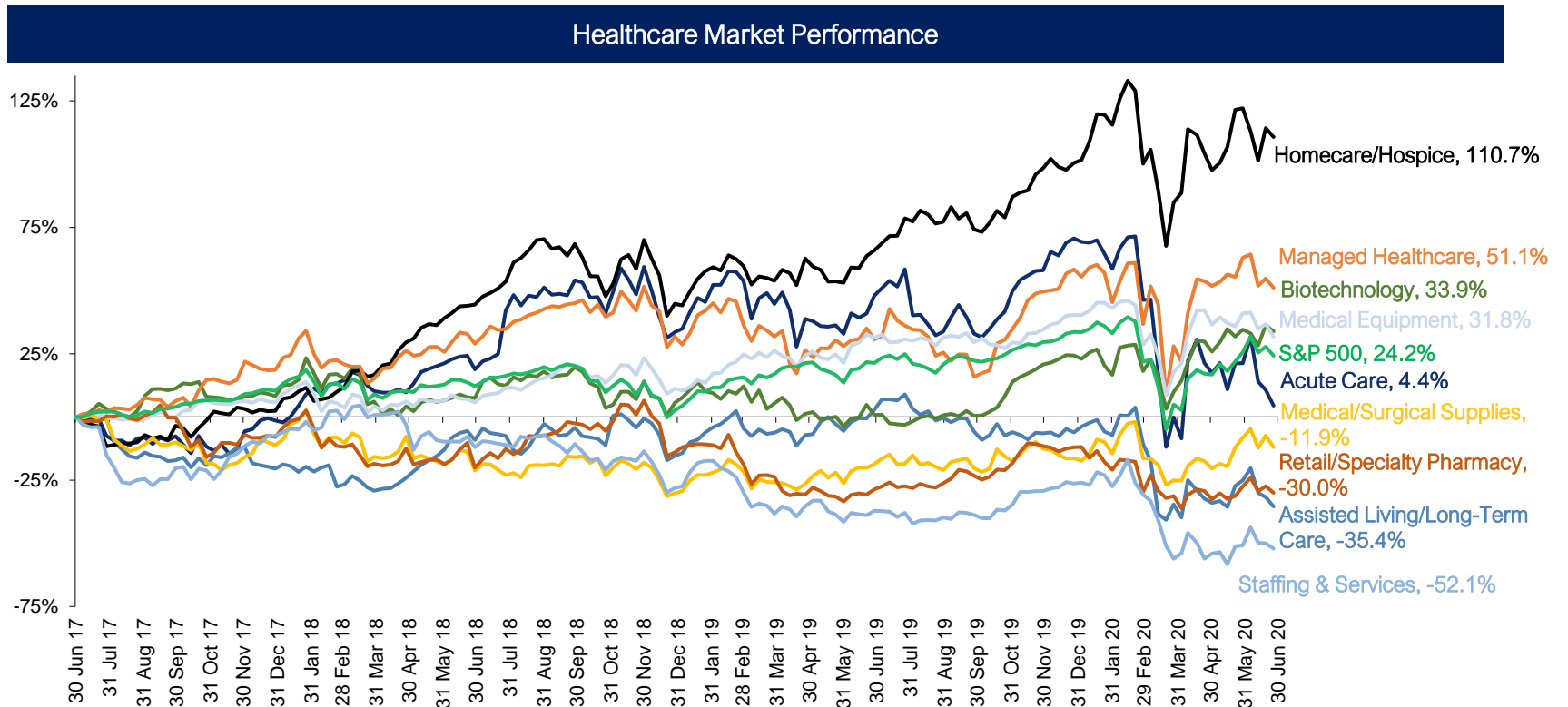


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Public Market Performance

Q2 2020 saw significant recovery 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 June 30, the S&P 500 returned 24.2%. 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 110.7% and 51.1%, respectively, over the past three years.



Source: S&P Capital IQ

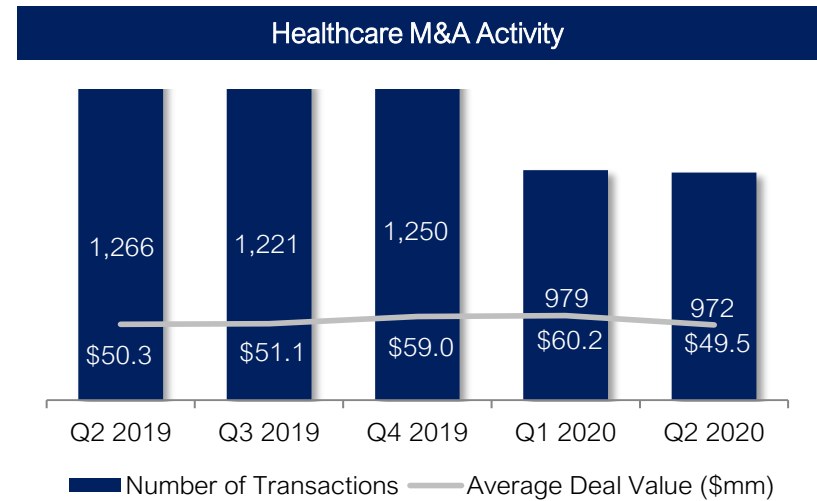
Note: All values based on publicly available data as of 6/30/2020



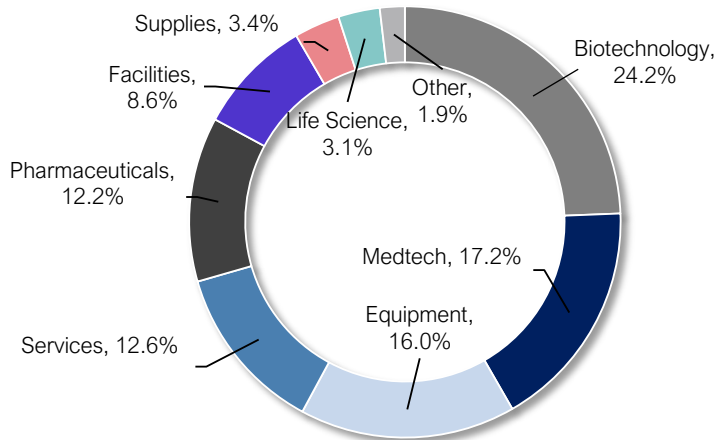
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Middle-Market M&A Activity

Q2 2020 M&A activity displayed a slight decrease in transaction values and volume since the previous quarter. Since March 2020, the impact of COVID-19 has played a significant role in the slowdown of acquisitions. 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 24.2% of total Healthcare transaction volume. The Medtech sector proved to be an attractive target as well with 17.2% of deal flow.



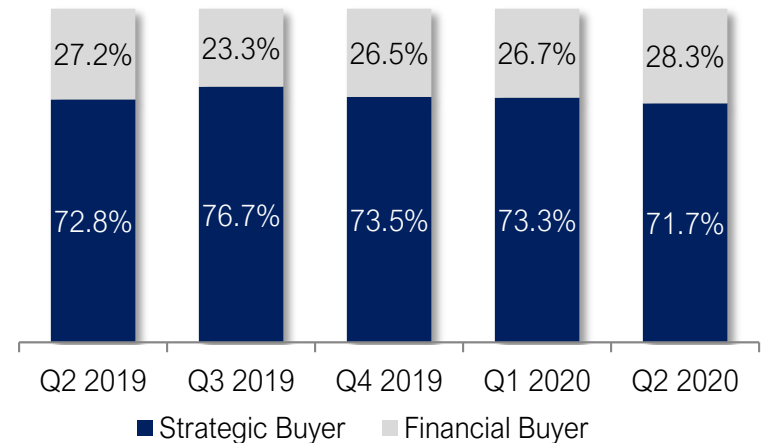
Q2 2020 M&A Activity by Sector



Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2020

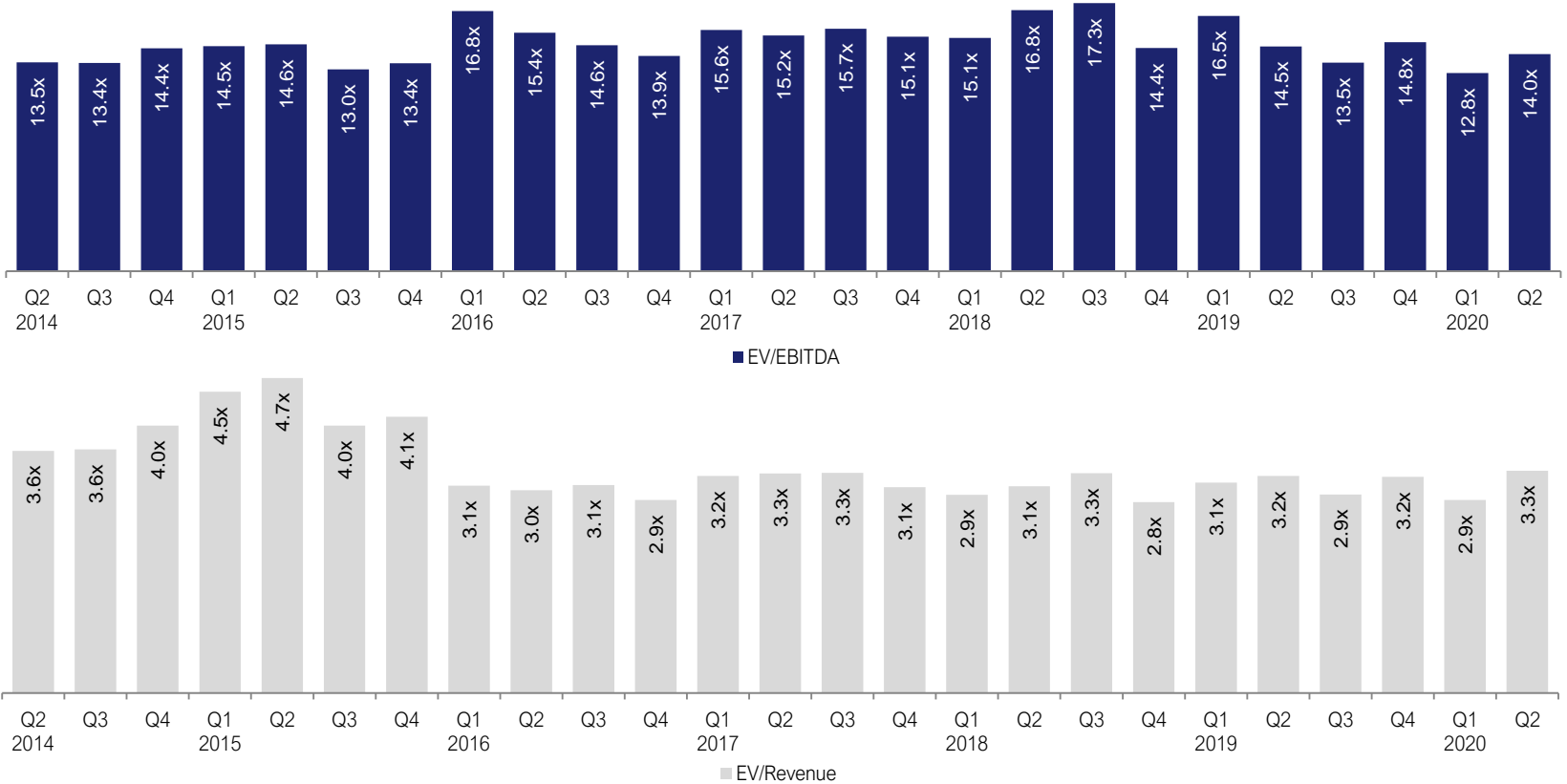
M&A Activity by Buyer Type



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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 14.0x 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 6/30/2020



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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
Acute-Care								
HCA Healthcare, Inc.	\$70,607.29	\$97.06	6.7%	(28.2%)	36.8%	19.8%	1.4x	6.8x
Tenet Healthcare Corporation	18,917.39	18.11	13.6%	(12.3%)	35.8%	16.2%	1.0x	6.3x
Community Health Systems, Inc.	14,873.93	3.01	(15.9%)	12.7%	38.5%	12.8%	1.2x	9.0x
Select Medical Holdings Corporation	7,330.77	14.73	(6.1%)	(7.2%)	15.1%	18.7%	1.3x	7.1x
Mean	\$27,932.35	\$33.23	(0.4%)	(8.7%)	31.5%	16.9%	1.2x	7.3x
Median	\$16,895.66	\$16.42	0.3%	(9.8%)	36.3%	17.4%	1.2x	6.9x
Assisted Living/Long-Term Care								
Brookdale Senior Living Inc.	\$5,974.11	\$2.95	(9.8%)	(59.1%)	29.1%	22.7%	1.8x	7.9x
The Ensign Group, Inc.	3,507.60	41.85	9.1%	(26.5%)	15.1%	15.5%	1.6x	10.5x
National HealthCare Corporation	1,078.60	63.44	(14.9%)	(21.8%)	40.4%	14.5%	1.1x	7.4x
Capital Senior Living Corporation	959.01	0.71	20.3%	(85.9%)	31.2%	23.5%	2.2x	9.4x
Five Star Senior Living Inc.	107.33	3.90	31.8%	(15.4%)	48.2%	13.8%	0.1x	0.9x
Mean	\$2,325.33	\$22.57	7.3%	(41.7%)	32.8%	18.0%	1.4x	7.2x
Median	\$1,078.60	\$3.90	9.1%	(26.5%)	31.2%	15.5%	1.6x	7.9x

Source: S&P Capital IQ

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Biotechnology								
AbbVie Inc.	\$198,974.76	\$98.18	30.5%	35.0%	77.4%	47.1%	5.8x	12.4x
Amgen Inc.	162,580.03	235.86	13.1%	28.0%	79.9%	50.2%	6.8x	13.5x
Bristol-Myers Squibb Company	162,320.16	58.80	8.1%	29.7%	75.4%	37.8%	5.2x	13.8x
Vertex Pharmaceuticals Incorporated	71,613.18	290.31	25.2%	58.3%	48.6%	36.4%	14.9x	40.8x
Regeneron Pharmaceuticals, Inc.	60,045.76	623.65	31.8%	99.2%	52.4%	32.2%	7.2x	22.4x
Biogen Inc.	46,155.81	267.55	(15.4%)	14.4%	88.0%	56.0%	3.2x	5.8x
IDEXX Laboratories, Inc.	29,225.56	330.16	37.0%	19.9%	56.7%	28.1%	11.9x	42.3x
Alexion Pharmaceuticals, Inc.	25,270.17	112.24	28.6%	(14.3%)	92.1%	51.6%	4.8x	9.3x
BioMarin Pharmaceutical Inc.	22,359.47	123.34	49.5%	44.0%	41.5%	5.7%	12.4x	NM
Incyte Corporation	21,369.29	103.97	44.1%	22.4%	6.3%	(11.1%)	9.6x	NM
Merit Medical Systems, Inc.	3,011.96	45.65	47.7%	(23.4%)	43.2%	16.4%	3.0x	18.3x
Veracyte, Inc.	1,156.58	25.90	7.2%	(9.2%)	67.0%	(14.9%)	9.5x	NM
Mean	\$67,006.89	\$192.97	25.6%	25.3%	60.7%	28.0%	7.9x	19.8x
Median	\$37,690.69	\$117.79	29.6%	25.2%	61.9%	34.3%	7.0x	13.8x

Source: S&P Capital IQ

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Home Care/Hospice								
Encompass Health Corporation	\$10,076.56	\$61.93	(0.9%)	(2.3%)	39.8%	21.4%	2.2x	10.1x
Chemed Corporation	7,415.65	451.07	4.3%	25.0%	32.2%	19.6%	3.7x	18.9x
Amedisys, Inc.	6,728.21	198.54	10.3%	63.5%	41.4%	12.3%	3.4x	27.6x
LHC Group, Inc.	5,990.27	174.32	30.2%	45.8%	36.6%	10.5%	2.9x	27.3x
Addus HomeCare Corporation	1,265.65	92.56	34.1%	23.5%	27.0%	8.3%	2.1x	25.6x
Mean	\$6,295.27	\$195.68	15.6%	31.1%	35.4%	14.4%	2.9x	21.9x
Median	\$6,728.21	\$174.32	10.3%	25.0%	36.6%	12.3%	2.9x	25.6x
Managed Healthcare								
UnitedHealth Group Incorporated	\$314,389.53	\$294.95	17.4%	20.9%	26.4%	11.1%	1.3x	13.7x
Cigna Corporation	101,926.28	187.65	5.3%	19.1%	16.1%	7.5%	0.7x	8.8x
Anthem, Inc.	84,062.49	262.98	14.1%	(6.8%)	23.1%	7.0%	0.8x	11.0x
Humana Inc.	53,332.90	387.75	24.6%	46.2%	17.3%	5.5%	0.8x	14.3x
Centene Corporation	45,909.67	63.55	10.1%	21.2%	16.3%	4.3%	0.6x	13.6x
Molina Healthcare, Inc.	10,022.42	177.98	27.7%	24.3%	14.6%	6.6%	0.6x	9.2x
Magellan Health, Inc.	2,328.00	72.98	57.1%	(1.7%)	3.6%	3.2%	0.3x	10.0x
Triple-S Management Corporation	444.54	19.02	32.8%	(16.2%)	19.1%	2.3%	0.1x	5.8x
Mean	\$76,551.98	\$183.36	23.6%	13.4%	17.1%	5.9%	0.6x	10.8x
Median	\$49,621.29	\$182.82	21.0%	20.0%	16.8%	6.0%	0.6x	10.5x

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Public Comparable Companies

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Medical Equipment								
Johnson & Johnson	\$380,062.03	\$140.63	5.7%	1.0%	65.8%	33.9%	4.7x	13.3x
Abbott Laboratories	176,538.53	91.43	15.2%	8.7%	57.7%	23.7%	5.6x	22.0x
Danaher Corporation	149,097.12	176.83	25.6%	23.7%	55.8%	26.0%	8.3x	31.8x
Medtronic plc	137,923.11	91.70	(0.4%)	(5.8%)	68.0%	27.9%	4.8x	17.1x
Stryker Corporation	74,493.45	180.19	10.6%	(12.4%)	65.7%	28.7%	5.0x	17.4x
Boston Scientific Corporation	60,262.24	35.11	11.0%	(18.3%)	70.6%	25.5%	5.6x	21.9x
Baxter International Inc.	46,975.80	86.10	4.8%	5.1%	43.4%	26.4%	4.1x	15.5x
Teleflex Incorporated	18,955.53	363.98	26.2%	9.9%	57.5%	28.9%	7.3x	25.1x
Hill-Rom Holdings, Inc.	9,248.36	109.78	8.1%	4.9%	50.0%	20.5%	3.2x	15.5x
Mean	\$117,061.80	\$141.75	11.9%	1.9%	59.4%	26.8%	5.4x	19.9x
Median	\$74,493.45	\$109.78	10.6%	4.9%	57.7%	26.4%	5.0x	17.4x
Medical/Surgical Supplies								
McKesson Corporation	\$31,895.77	\$153.42	11.2%	14.2%	5.2%	1.4%	0.1x	9.8x
AmerisourceBergen Corporation	21,590.63	100.77	14.4%	18.2%	2.7%	1.3%	0.1x	8.9x
Cardinal Health, Inc.	20,664.77	52.19	7.7%	10.8%	4.5%	1.9%	0.1x	7.1x
Henry Schein, Inc.	10,204.86	58.39	12.1%	(16.5%)	30.7%	10.3%	1.0x	9.9x
Owens & Minor, Inc.	2,065.85	7.62	(9.2%)	138.1%	12.5%	2.8%	0.2x	8.2x
Mean	\$17,284.38	\$74.48	7.2%	33.0%	11.1%	3.5%	0.3x	8.8x
Median	\$20,664.77	\$58.39	11.2%	14.2%	5.2%	1.9%	0.1x	8.9x

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Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
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Retail/Specialty Pharmacy								
CVS Health Corporation	\$164,861.69	\$64.97	8.9%	19.2%	17.5%	7.7%	0.6x	8.2x
Walgreens Boots Alliance, Inc.	78,935.36	42.39	(6.1%)	(22.5%)	20.5%	6.8%	0.6x	7.8x
Rite Aid Corporation	7,157.31	17.06	16.8%	113.0%	21.4%	6.3%	0.3x	5.1x
Mean	\$83,651.45	\$41.47	6.5%	36.6%	19.8%	6.9%	0.5x	7.0x
Median	\$78,935.36	\$42.39	8.9%	19.2%	20.5%	6.8%	0.6x	7.8x
Staffing and Services								
Surgery Partners, Inc.	\$4,866.62	\$11.57	36.6%	(32.2%)	22.0%	11.8%	0.9x	11.7x
MEDNAX, Inc.	3,221.08	17.10	69.9%	42.1%	24.4%	26.9%	2.6x	6.5x
AMN Healthcare Services, Inc.	3,220.58	45.24	(13.6%)	(16.6%)	33.5%	12.4%	1.4x	11.4x
Cross Country Healthcare, Inc.	316.71	6.16	(2.7%)	(34.3%)	24.5%	4.5%	0.4x	8.4x
Mean	\$2,906.25	\$20.02	22.6%	(10.3%)	26.1%	13.9%	1.3x	9.5x
Median	\$3,220.83	\$14.34	16.9%	(24.4%)	24.5%	12.1%	1.2x	9.9x
Healthcare Mean	\$54,070.70	\$124.71	15.7%	10.4%	37.9%	17.2%	3.3x	13.9x
Healthcare Median	\$20,664.77	\$91.43	12.1%	9.9%	35.8%	14.1%	2.1x	10.7x

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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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