



INDUSTRY UPDATE

HEALTHCARE
Q3 2020



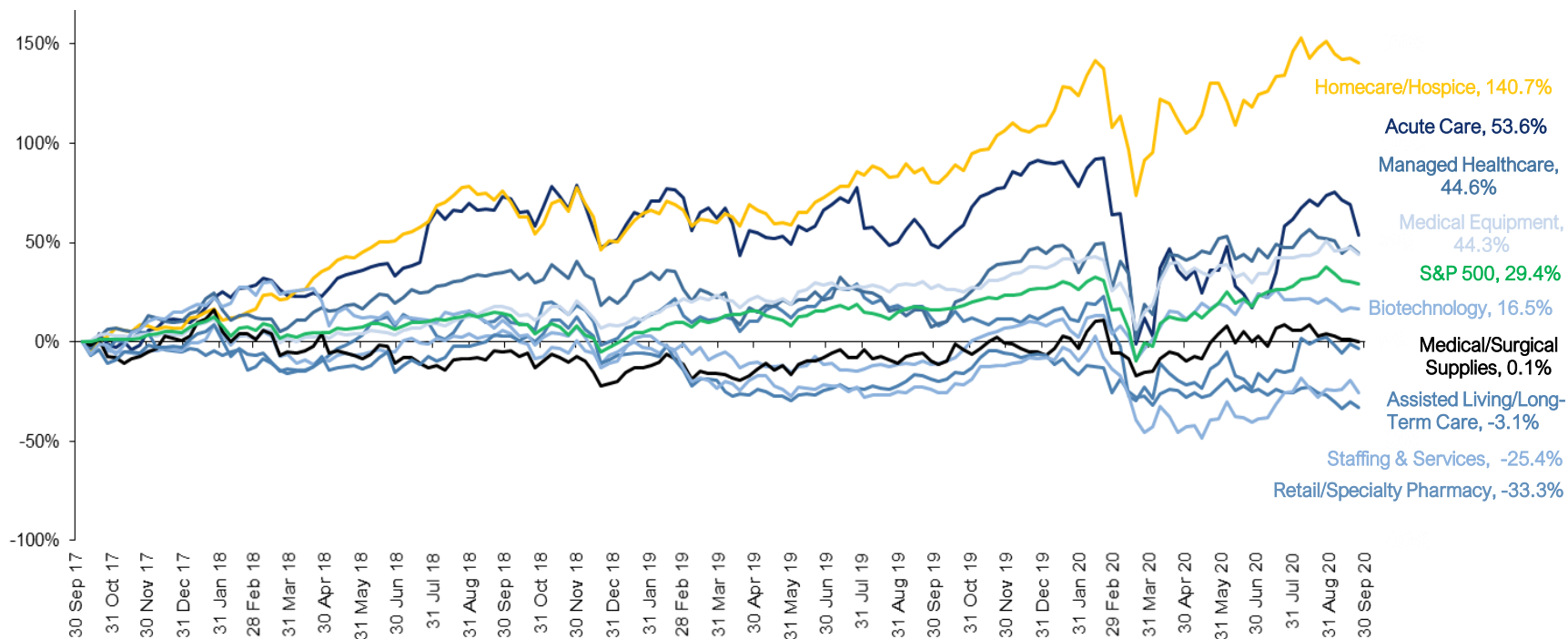
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Public Market Performance

Q3 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 September 30, the S&P 500 returned 29.4%. 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 140.7% and 53.6%, respectively, over the past three years. The growth of these sectors is largely driven by the rising geriatric U.S. population and prevalence of chronic illnesses.

Healthcare Market Performance



Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2020

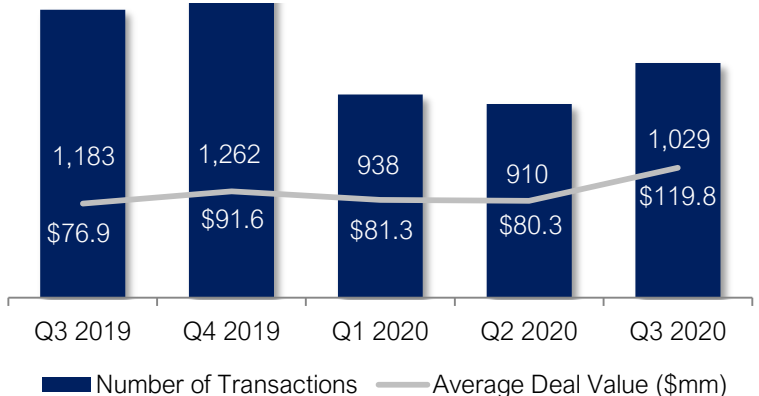


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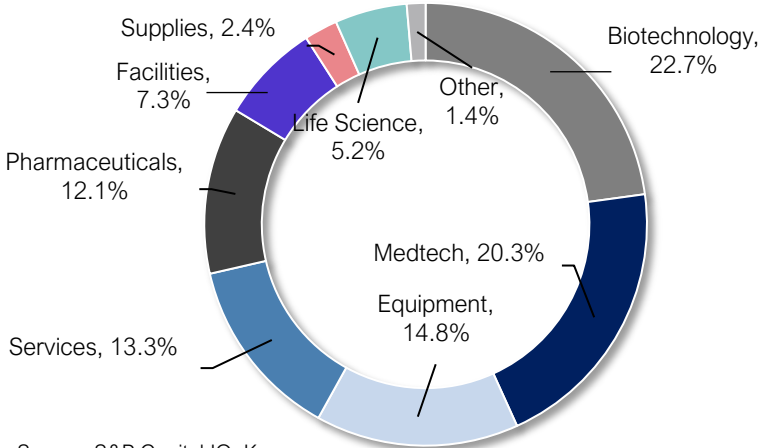
Middle-Market M&A Activity

Q3 2020 M&A activity displayed an increase in transaction values and volume since the previous quarter. While the trends are positive, 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 improve access to healthcare, reduce costs and create long-term strategic and operational improvements. The Biotechnology category led activity, accounting for 22.7% of total Healthcare transaction volume. The Medtech sector proved to be an attractive target as well with 20.3% of deal flow.

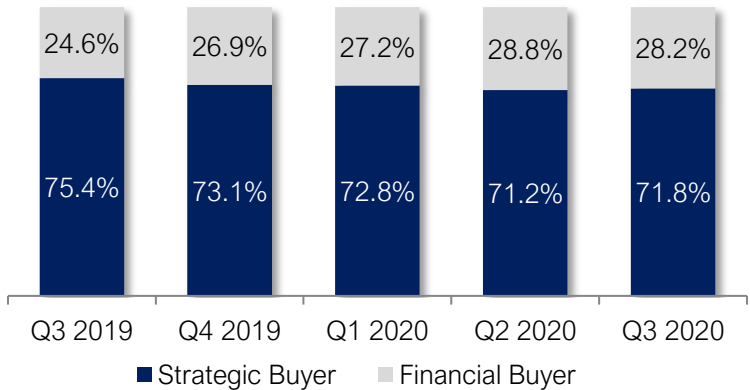
Healthcare M&A Activity



Q3 2020 M&A Activity by Sector



M&A Activity by Buyer Type



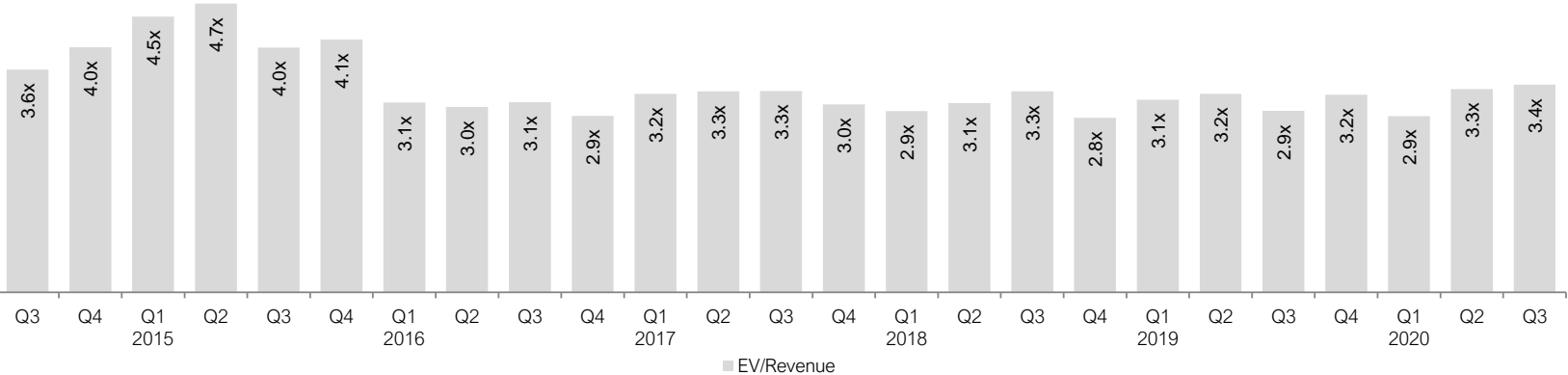
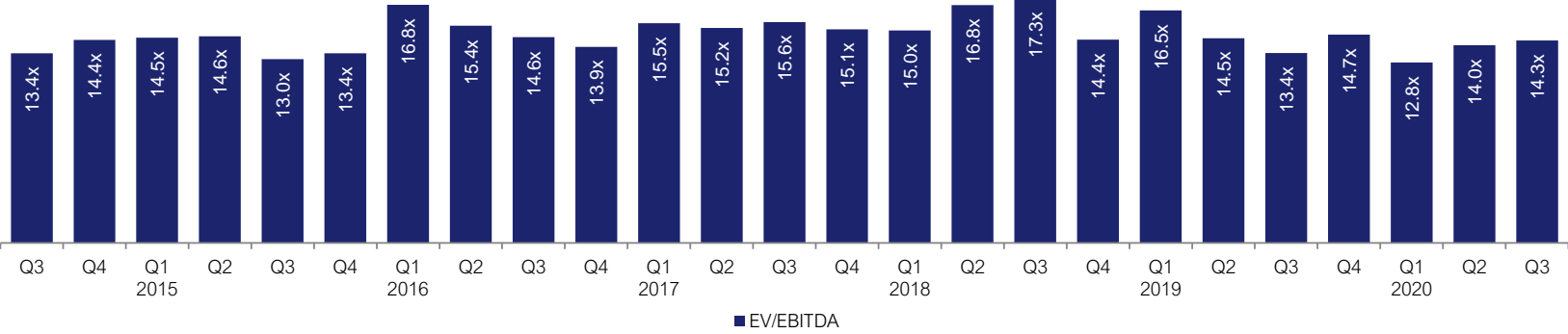
Source: S&P Capital IQ, Kearney
 Note: All values based on publicly available data as of 9/30/2020. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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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 14.3x EBITDA and 3.4x revenue. Among the sectors, the strongest trading multiples were observed in the Biotechnology and Homecare/Hospice sectors.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 9/30/2020



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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.	\$72,293.99	\$124.68	28.5%	3.5%	36.8%	19.8%	1.4x	7.3x
Tenet Healthcare Corporation	17,408.09	24.51	35.3%	10.8%	34.9%	14.4%	1.0x	6.9x
Community Health Systems, Inc.	13,277.30	4.22	40.2%	17.2%	37.3%	11.1%	1.1x	9.9x
Select Medical Holdings Corporation	7,441.84	20.82	41.3%	25.6%	14.3%	18.0%	1.4x	7.6x
Mean	\$27,605.31	\$43.56	36.3%	14.3%	30.8%	15.8%	1.2x	7.9x
Median	\$15,342.70	\$22.67	37.8%	14.0%	35.8%	16.2%	1.2x	7.5x
Assisted Living/Long-Term Care								
Brookdale Senior Living Inc.	\$5,776.71	\$2.54	(13.9%)	(66.5%)	26.6%	21.2%	1.8x	8.4x
The Ensign Group, Inc.	3,969.85	57.06	36.3%	20.3%	16.0%	16.2%	1.8x	10.9x
Capital Senior Living Corporation	933.23	0.63	(11.5%)	(85.7%)	29.7%	22.1%	2.2x	10.0x
National HealthCare Corporation	904.68	62.31	(1.8%)	(23.9%)	39.5%	13.7%	0.9x	6.7x
Five Star Senior Living Inc.	103.33	5.07	30.0%	7.8%	49.0%	12.2%	0.2x	1.3x
Mean	\$2,337.56	\$25.52	7.8%	(29.6%)	32.2%	17.1%	1.4x	7.5x
Median	\$933.23	\$5.07	(1.8%)	(23.9%)	29.7%	16.2%	1.8x	8.4x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2020



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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
Biotechnology								
AbbVie Inc.	\$236,030.74	\$87.59	(10.8%)	15.7%	73.7%	46.2%	6.5x	14.1x
Amgen Inc.	171,662.93	254.16	7.8%	31.3%	78.2%	49.9%	7.1x	14.2x
Bristol-Myers Squibb Company	161,149.72	60.29	2.5%	18.9%	77.7%	40.6%	4.6x	11.4x
Vertex Pharmaceuticals Incorporated	65,949.67	272.12	(6.3%)	60.6%	52.4%	40.9%	12.2x	29.8x
Regeneron Pharmaceuticals, Inc.	55,390.09	559.78	(10.2%)	101.8%	54.8%	34.8%	6.4x	18.3x
Biogen Inc.	47,479.07	283.68	6.0%	21.8%	88.0%	56.0%	3.3x	5.9x
IDEXX Laboratories, Inc.	34,437.28	393.11	19.1%	44.6%	57.2%	29.2%	13.9x	47.7x
Alexion Pharmaceuticals, Inc.	25,046.76	114.43	2.0%	16.8%	91.6%	52.6%	4.5x	8.6x
Incyte Corporation	18,112.28	89.74	(13.7%)	20.9%	11.9%	(5.0%)	7.6x	NM
BioMarin Pharmaceutical Inc.	13,918.22	76.08	(38.3%)	12.9%	41.9%	5.9%	7.5x	NM
Merit Medical Systems, Inc.	2,864.26	43.50	(4.7%)	42.8%	41.9%	15.9%	3.0x	18.7x
Veracyte, Inc.	1,703.94	32.49	25.4%	35.4%	66.2%	(22.3%)	15.1x	NM
Mean	\$69,478.75	\$188.91	(1.8%)	35.3%	61.3%	28.7%	7.6x	18.7x
Median	\$40,958.17	\$102.09	(1.4%)	26.6%	61.7%	37.7%	6.8x	14.2x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2020



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	Value (\$mils)	Stock Price	3 month	12 month	Gross	EBITDA	Revenue	EBITDA
Home Care/Hospice								
Encompass Health Corporation	\$10,305.70	\$64.98	4.9%	2.7%	38.2%	20.3%	2.2x	11.0x
Amedisys, Inc.	8,065.21	236.43	19.1%	80.5%	41.9%	12.2%	4.1x	33.4x
Chemed Corporation	7,766.95	480.35	6.5%	15.0%	31.7%	18.9%	3.8x	20.3x
LHC Group, Inc.	6,778.62	212.56	21.9%	87.2%	36.6%	10.0%	3.3x	32.9x
Addus HomeCare Corporation	1,400.64	94.51	2.1%	19.2%	29.0%	9.3%	1.9x	20.4x
Mean	\$6,863.42	\$217.77	10.9%	40.9%	35.5%	14.2%	3.1x	23.6x
Median	\$7,766.95	\$212.56	6.5%	19.2%	36.6%	12.2%	3.3x	20.4x
Managed Healthcare								
UnitedHealth Group Incorporated	\$324,749.18	\$311.77	5.7%	43.5%	26.4%	11.1%	1.3x	11.8x
Cigna Corporation	92,225.46	169.41	(9.7%)	11.6%	16.2%	7.6%	0.6x	7.8x
Anthem, Inc.	85,122.12	268.59	2.1%	11.9%	26.4%	8.3%	0.8x	9.1x
Humana Inc.	55,683.57	413.89	6.7%	61.9%	19.4%	7.2%	0.8x	11.0x
Centene Corporation	38,998.46	58.33	(8.2%)	34.8%	17.5%	5.8%	0.5x	7.8x
Molina Healthcare, Inc.	9,592.27	183.04	2.8%	66.8%	15.4%	7.4%	0.6x	7.7x
Magellan Health, Inc.	2,517.00	75.78	3.8%	22.0%	3.4%	3.0%	0.4x	11.9x
Triple-S Management Corporation	356.13	17.87	(6.0%)	33.4%	21.1%	3.0%	0.1x	3.5x
Mean	\$76,155.52	\$187.34	(0.3%)	35.7%	18.2%	6.7%	0.6x	8.8x
Median	\$47,341.01	\$176.23	2.5%	34.1%	18.5%	7.3%	0.6x	8.5x

Source: S&P Capital IQ, Note: All values based on publicly available data as of 9/30/2020



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Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
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Medical Equipment								
Johnson & Johnson	\$403,233.76	\$148.88	5.9%	15.1%	65.8%	33.8%	5.0x	14.8x
Abbott Laboratories	207,548.78	108.83	19.0%	30.1%	57.7%	24.1%	6.6x	27.4x
Danaher Corporation	173,777.80	215.33	21.8%	49.1%	55.3%	25.9%	9.2x	35.6x
Medtronic plc	155,486.85	103.92	13.3%	(4.3%)	66.3%	24.6%	5.6x	22.6x
Stryker Corporation	84,978.98	208.37	15.6%	(3.7%)	64.1%	27.2%	6.0x	22.2x
Boston Scientific Corporation	62,737.08	38.21	8.8%	(6.1%)	68.5%	22.8%	6.2x	27.1x
Baxter International Inc.	43,737.16	80.42	(6.6%)	(8.1%)	42.6%	26.0%	3.8x	14.8x
Teleflex Incorporated	17,763.51	340.42	(6.5%)	0.2%	56.6%	28.2%	7.0x	24.9x
Hill-Rom Holdings, Inc.	7,392.87	83.51	(23.9%)	(20.6%)	51.1%	22.5%	2.5x	11.1x
Mean	\$128,517.42	\$147.54	5.3%	5.7%	58.7%	26.1%	5.8x	22.3x
Median	\$84,978.98	\$108.83	8.8%	(3.7%)	57.7%	25.9%	6.0x	22.6x
Medical/Surgical Supplies								
McKesson Corporation	\$32,621.92	\$148.93	(2.9%)	9.0%	5.2%	1.4%	0.1x	10.1x
AmerisourceBergen Corporation	21,137.70	96.92	(3.8%)	17.7%	2.7%	1.3%	0.1x	8.8x
Cardinal Health, Inc.	18,242.83	46.95	(10.0%)	(0.5%)	4.5%	1.9%	0.1x	6.4x
Henry Schein, Inc.	10,359.08	58.78	0.7%	(7.4%)	29.8%	9.3%	1.1x	12.0x
Owens & Minor, Inc.	3,049.70	25.11	229.5%	332.2%	13.1%	3.1%	0.4x	11.5x
Mean	\$17,082.24	\$75.34	42.7%	70.2%	11.1%	3.4%	0.4x	9.8x
Median	\$18,242.83	\$58.78	(2.9%)	9.0%	5.2%	1.9%	0.1x	10.1x

Source: S&P Capital IQ

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Public Comparable Companies

Company Name	Enterprise	Share	Price Change		LTM Margins		TEV / LTM:	
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Retail/Specialty Pharmacy								
CVS Health Corporation	\$151,347.28	\$58.40	(10.1%)	(7.4%)	18.2%	8.2%	0.6x	7.0x
Walgreens Boots Alliance, Inc.	72,718.90	35.92	(15.3%)	(35.1%)	20.5%	6.8%	0.5x	7.7x
Rite Aid Corporation	7,091.79	9.49	(44.4%)	36.5%	20.9%	6.2%	0.3x	4.9x
Mean	\$77,052.66	\$34.60	(23.2%)	(2.0%)	19.8%	7.1%	0.5x	6.6x
Median	\$72,718.90	\$35.92	(15.3%)	(7.4%)	20.5%	6.8%	0.5x	7.0x
Staffing and Services								
Surgery Partners, Inc.	\$5,275.49	\$21.90	29.2%	1.6%	20.1%	15.5%	1.6x	14.4x
AMN Healthcare Services, Inc.	3,768.73	58.46	89.3%	196.5%	33.3%	17.0%	3.0x	12.5x
MEDNAX, Inc.	2,958.79	16.28	(4.8%)	(28.0%)	24.2%	14.0%	0.9x	6.1x
Cross Country Healthcare, Inc.	313.64	6.49	5.4%	(37.0%)	24.0%	4.6%	0.4x	8.0x
Mean	\$3,079.16	\$25.78	29.8%	33.3%	25.4%	12.8%	1.4x	10.2x
Median	\$3,363.76	\$19.09	17.3%	(13.2%)	24.1%	14.8%	1.2x	10.2x
Healthcare Mean	\$56,090.14	\$128.51	9.6%	24.6%	37.9%	17.1%	3.4x	14.3x
Healthcare Median	\$17,763.51	\$80.42	2.8%	16.8%	34.9%	14.2%	1.9x	11.1x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2020



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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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