



# INDUSTRY UPDATE

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HEALTHCARE  
Q1 2021



GREENWICH  
CAPITAL GROUP

# GCG INDUSTRY UPDATE | Healthcare

## Public Market Performance

Q1 2021 saw continued gains in the Healthcare industry and across the broader U.S. equity market from the recovery in previous quarters. 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 52.6%. 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 Assisted Living/Long-Term Care segments, both of which outperformed the S&P 500, with stock gains of 117.6% and 111.2%, respectively, over the past three years. The growth of these sectors is largely driven by the rising geriatric U.S. population and the prevalence of chronic illnesses.

### Healthcare Market Performance



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021

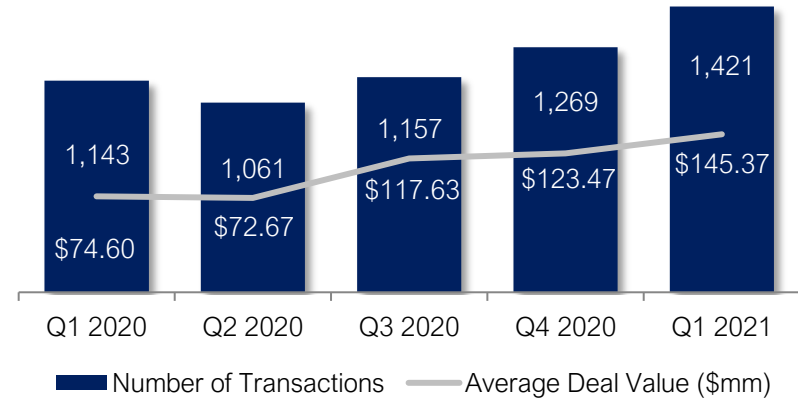


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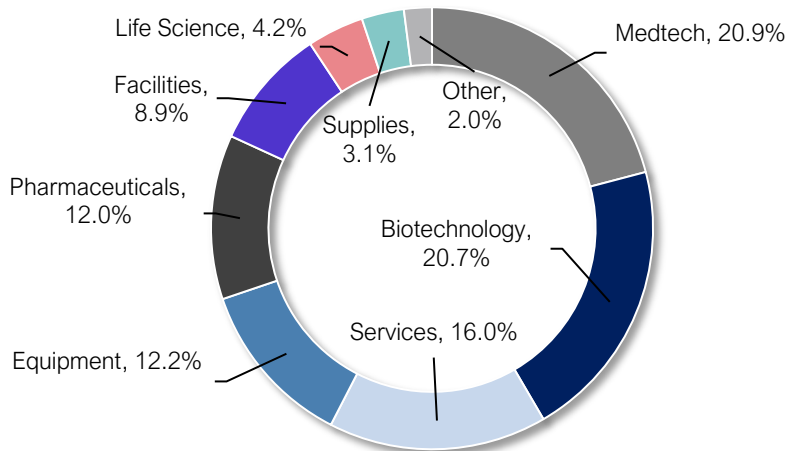
## Middle-Market M&A Activity

Q1 2021 M&A activity displayed an increase in transaction values and volume over the previous three quarters. Middle-market Healthcare deal volume and average deal value have both reached highs over the past four quarters with 1,421 transactions completed and an average deal value of \$145 million, showing that there is an ongoing recovery in the M&A market. Strategic buyers continue to dominate overall deal activity and have sought acquisitions to improve access to healthcare and scale existing platforms, while reducing costs and creating long-term strategic and operational improvements. The Medtech category led activity, accounting for 20.9% of total Healthcare transaction volume. The Biotechnology sector proved to be an attractive target as well with 20.7% of deal flow.

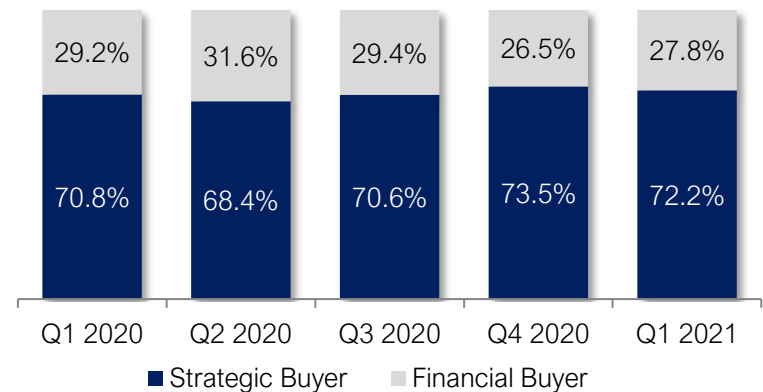
### Healthcare M&A Activity



### Q1 2021 M&A Activity by Sector



### M&A Activity by Buyer Type



Source: S&P Capital IQ, Kearney

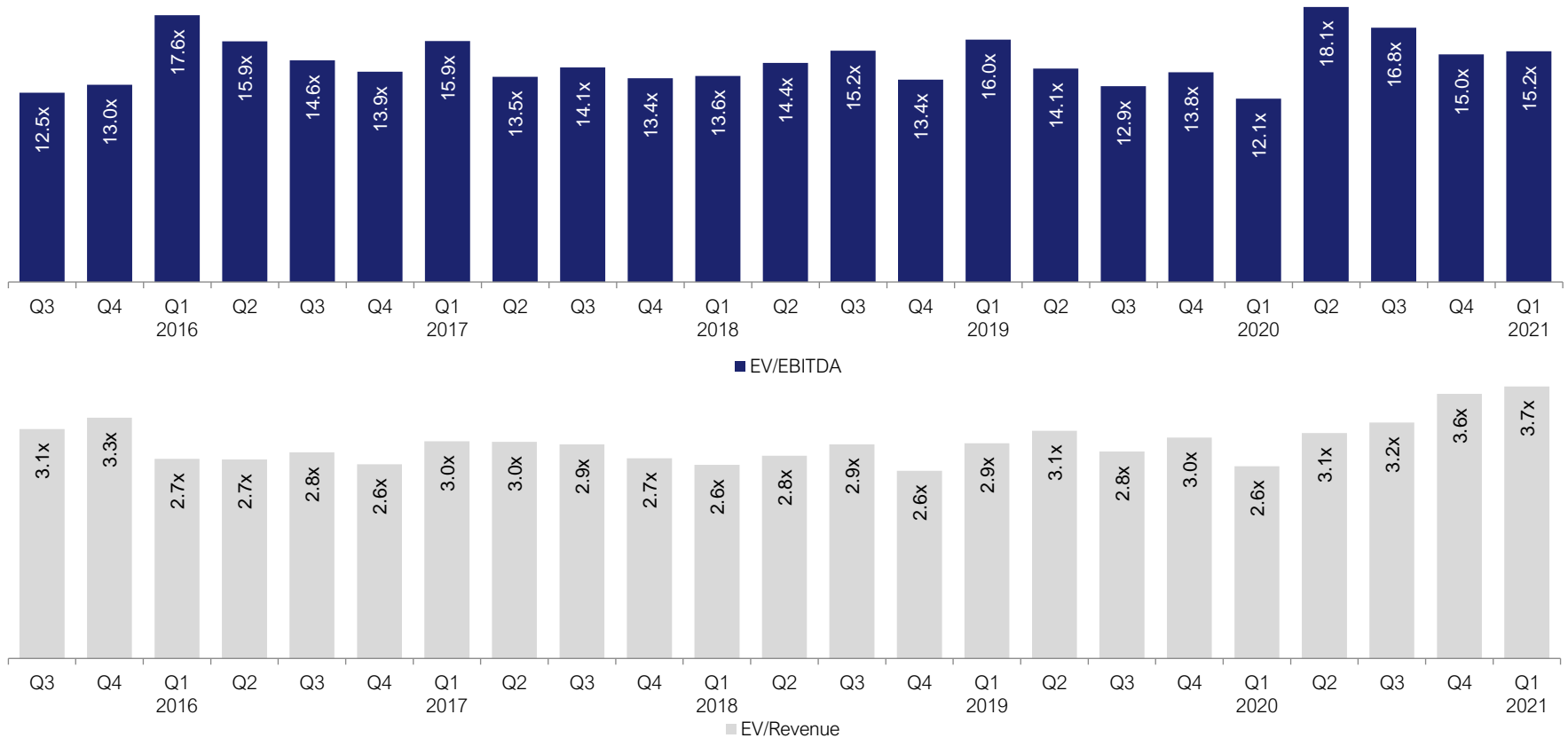
Note: All values based on publicly available data as of 3/31/2021. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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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 15.2x EBITDA and 3.7x revenue. Additionally, one of the strongest sectors in the Healthcare industry was Homecare/Hospice with an average multiple of 21.5x EBITDA. Staffing/Services also performed well as of LTM Q1 2021, recording an average multiple of 14.9x EBITDA.



Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



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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.                  | \$96,971.69    | \$188.34    | 14.5%        | 109.6%   | 38.1%       | 22.4%  | 1.8x       | 8.9x   |
| Tenet Healthcare Corporation          | 22,854.50      | 52.00       | 30.2%        | 261.1%   | 36.0%       | 17.8%  | 1.3x       | 7.6x   |
| Community Health Systems, Inc.        | 13,467.80      | 13.52       | 82.0%        | 304.8%   | 38.3%       | 12.3%  | 1.1x       | 10.0x  |
| Select Medical Holdings Corporation   | 9,112.13       | 34.10       | 23.3%        | 127.3%   | 20.9%       | 18.8%  | 1.6x       | 8.8x   |
| Mean                                  | \$35,601.53    | \$71.99     | 37.5%        | 200.7%   | 33.3%       | 17.8%  | 1.5x       | 8.8x   |
| Median                                | \$18,161.15    | \$43.05     | 26.8%        | 194.2%   | 37.0%       | 18.3%  | 1.5x       | 8.8x   |
| <b>Assisted Living/Long-Term Care</b> |                |             |              |          |             |        |            |        |
| Brookdale Senior Living Inc.          | \$6,003.86     | \$6.05      | 36.6%        | 93.9%    | 27.3%       | 20.9%  | 2.0x       | 9.5x   |
| The Ensign Group, Inc.                | 5,941.33       | 93.84       | 28.7%        | 149.5%   | 17.6%       | 17.5%  | 2.4x       | 14.2x  |
| Capital Senior Living Corporation     | 970.80         | 38.50       | 212.0%       | 342.5%   | 31.3%       | 23.2%  | 2.7x       | 11.7x  |
| Five Star Senior Living Inc.          | 132.26         | 6.12        | (11.3%)      | 120.1%   | 52.1%       | 14.6%  | 0.6x       | 4.1x   |
| Mean                                  | \$3,262.06     | \$36.13     | 66.5%        | 176.5%   | 32.1%       | 19.0%  | 1.9x       | 9.9x   |
| Median                                | \$3,456.07     | \$22.31     | 32.6%        | 134.8%   | 29.3%       | 19.2%  | 2.2x       | 10.6x  |

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021



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|-------------------------------------|----------------|-------------|--------------|----------|-------------|---------|------------|--------|
|                                     | Value (\$mils) | Stock Price | 3 month      | 12 month | Gross       | EBITDA  | Revenue    | EBITDA |
| <b>Biotechnology</b>                |                |             |              |          |             |         |            |        |
| AbbVie Inc.                         | \$269,621.45   | \$108.22    | 1.0%         | 42.0%    | 67.7%       | 48.4%   | 5.4x       | 12.0x  |
| Bristol-Myers Squibb Company        | 175,887.87     | 63.13       | 1.8%         | 13.3%    | 79.7%       | 43.5%   | 4.1x       | 9.5x   |
| Amgen Inc.                          | 166,502.29     | 248.81      | 8.2%         | 22.7%    | 75.6%       | 50.4%   | 6.6x       | 12.9x  |
| Vertex Pharmaceuticals Incorporated | 50,146.38      | 214.89      | (9.1%)       | (9.7%)   | 59.4%       | 49.3%   | 7.8x       | 16.7x  |
| Biogen Inc.                         | 47,130.92      | 279.75      | 14.2%        | (11.6%)  | 85.5%       | 33.6%   | 3.7x       | 9.0x   |
| Regeneron Pharmaceuticals, Inc.     | 45,260.09      | 473.14      | (2.1%)       | (3.1%)   | 53.6%       | 42.5%   | 5.4x       | 12.8x  |
| IDEXX Laboratories, Inc.            | 42,419.89      | 489.31      | (2.1%)       | 102.0%   | 58.9%       | 31.3%   | 14.8x      | 52.0x  |
| Alexion Pharmaceuticals, Inc.       | 33,528.12      | 152.91      | (2.1%)       | 70.3%    | 90.9%       | 52.1%   | 5.4x       | 10.5x  |
| Incyte Corporation                  | 16,127.02      | 81.27       | (6.6%)       | 11.0%    | 40.0%       | 21.3%   | 6.0x       | NM     |
| BioMarin Pharmaceutical Inc.        | 13,795.96      | 75.51       | (13.9%)      | (10.6%)  | 36.7%       | 0.5%    | 7.5x       | NM     |
| Merit Medical Systems, Inc.         | 3,716.37       | 59.88       | 7.9%         | 91.6%    | 42.1%       | 16.6%   | 3.8x       | 23.5x  |
| Veracyte, Inc.                      | 3,264.28       | 53.75       | 9.8%         | 121.1%   | 65.6%       | (18.9%) | 27.8x      | NM     |
| Mean                                | \$72,283.39    | \$191.71    | 0.6%         | 36.6%    | 63.0%       | 30.9%   | 8.2x       | 17.7x  |
| Median                              | \$43,839.99    | \$130.57    | (0.5%)       | 18.0%    | 62.5%       | 38.1%   | 5.7x       | 12.8x  |

Source: S&P Capital IQ

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## Public Comparable Companies

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|---------------------------------|----------------|-------------|--------------|----------|-------------|--------|------------|--------|
|                                 | Value (\$mils) | Stock Price | 3 month      | 12 month | Gross       | EBITDA | Revenue    | EBITDA |
| <b>Home Care/Hospice</b>        |                |             |              |          |             |        |            |        |
| Encompass Health Corporation    | \$11,862.76    | \$81.90     | (1.0%)       | 27.9%    | 38.3%       | 21.3%  | 2.5x       | 12.2x  |
| Amedisys, Inc.                  | 8,924.72       | 264.79      | (9.7%)       | 44.3%    | 45.1%       | 15.0%  | 4.2x       | 30.9x  |
| Chemed Corporation              | 7,344.98       | 459.82      | (13.7%)      | 6.1%     | 34.6%       | 20.5%  | 3.5x       | 17.3x  |
| LHC Group, Inc.                 | 5,981.04       | 191.21      | (10.4%)      | 36.4%    | 39.4%       | 12.5%  | 2.9x       | 23.3x  |
| Addus HomeCare Corporation      | 1,733.76       | 104.59      | (10.7%)      | 54.7%    | 29.9%       | 9.6%   | 2.2x       | 23.8x  |
| Mean                            | \$7,169.45     | \$220.46    | (9.1%)       | 33.9%    | 37.5%       | 15.8%  | 3.1x       | 21.5x  |
| Median                          | \$7,344.98     | \$191.21    | (10.4%)      | 36.4%    | 38.3%       | 15.0%  | 2.9x       | 23.3x  |
| <b>Managed Healthcare</b>       |                |             |              |          |             |        |            |        |
| UnitedHealth Group Incorporated | \$387,765.99   | \$372.07    | 6.1%         | 49.2%    | 26.2%       | 10.4%  | 1.5x       | 15.2x  |
| Cigna Corporation               | 107,421.10     | 241.74      | 16.1%        | 36.4%    | 15.2%       | 6.8%   | 0.7x       | 9.8x   |
| Anthem, Inc.                    | 103,159.90     | 358.95      | 11.8%        | 58.1%    | 27.6%       | 7.7%   | 0.8x       | 10.9x  |
| Humana Inc.                     | 56,879.45      | 419.25      | 2.2%         | 33.5%    | 19.8%       | 7.2%   | 0.7x       | 10.3x  |
| Centene Corporation             | 44,875.61      | 63.91       | 6.5%         | 7.6%     | 17.5%       | 5.9%   | 0.4x       | 7.9x   |
| Molina Healthcare, Inc.         | 11,933.25      | 233.76      | 9.9%         | 67.3%    | 13.7%       | 5.5%   | 0.6x       | 11.4x  |
| Magellan Health, Inc.           | 1,984.71       | 93.24       | 12.6%        | 93.8%    | 3.1%        | 2.6%   | 0.4x       | 20.5x  |
| Triple-S Management Corporation | 591.17         | 26.03       | 21.9%        | 84.6%    | 20.4%       | 4.1%   | 0.2x       | 3.9x   |
| Mean                            | \$89,326.40    | \$226.12    | 10.9%        | 53.8%    | 17.9%       | 6.3%   | 0.7x       | 11.2x  |
| Median                          | \$50,877.53    | \$237.75    | 10.9%        | 53.6%    | 18.6%       | 6.4%   | 0.6x       | 10.6x  |

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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>Medical Equipment</b>         |                |             |              |          |             |        |            |        |
| Johnson & Johnson                | \$442,145.32   | \$164.35    | 4.4%         | 25.3%    | 66.4%       | 34.0%  | 5.3x       | 16.1x  |
| Abbott Laboratories              | 225,261.08     | 119.84      | 9.5%         | 51.9%    | 56.8%       | 28.2%  | 6.0x       | 24.5x  |
| Danaher Corporation              | 179,919.23     | 225.08      | 1.3%         | 62.6%    | 58.0%       | 30.3%  | 8.1x       | 26.7x  |
| Medtronic plc                    | 175,071.85     | 118.13      | 0.8%         | 31.0%    | 64.3%       | 22.6%  | 6.3x       | 27.7x  |
| Stryker Corporation              | 103,066.13     | 243.58      | (0.6%)       | 46.3%    | 63.9%       | 27.0%  | 7.0x       | 26.5x  |
| Boston Scientific Corporation    | 62,782.97      | 38.65       | 7.5%         | 18.4%    | 68.1%       | 23.3%  | 6.2x       | 26.8x  |
| Baxter International Inc.        | 45,767.81      | 84.34       | 5.1%         | 3.9%     | 40.0%       | 24.0%  | 3.9x       | 15.9x  |
| Teleflex Incorporated            | 21,647.09      | 415.46      | 0.9%         | 41.9%    | 52.6%       | 27.5%  | 8.5x       | 31.5x  |
| Hill-Rom Holdings, Inc.          | 8,944.18       | 110.48      | 12.8%        | 9.8%     | 52.2%       | 21.2%  | 3.0x       | 15.0x  |
| Mean                             | \$140,511.74   | \$168.88    | 4.6%         | 32.3%    | 58.0%       | 26.4%  | 6.0x       | 23.4x  |
| Median                           | \$103,066.13   | \$119.84    | 4.4%         | 31.0%    | 58.0%       | 27.0%  | 6.2x       | 26.5x  |
| <b>Medical/Surgical Supplies</b> |                |             |              |          |             |        |            |        |
| McKesson Corporation             | \$38,673.02    | \$195.04    | 12.1%        | 44.2%    | 5.1%        | 2.1%   | 0.2x       | 7.7x   |
| AmerisourceBergen Corporation    | 24,053.04      | 118.07      | 20.8%        | 33.4%    | 2.8%        | 1.4%   | 0.1x       | 8.6x   |
| Cardinal Health, Inc.            | 20,840.30      | 60.75       | 13.4%        | 26.7%    | 4.5%        | 1.8%   | 0.1x       | 7.6x   |
| Henry Schein, Inc.               | 11,395.82      | 69.24       | 3.6%         | 37.1%    | 27.9%       | 8.4%   | 1.1x       | 13.7x  |
| Owens & Minor, Inc.              | 3,877.14       | 37.59       | 39.0%        | 310.8%   | 16.8%       | 6.1%   | 0.4x       | 9.8x   |
| Mean                             | \$19,767.86    | \$96.14     | 17.8%        | 90.4%    | 11.4%       | 4.0%   | 0.4x       | 9.5x   |
| Median                           | \$20,840.30    | \$69.24     | 13.4%        | 37.1%    | 5.1%        | 2.1%   | 0.2x       | 8.6x   |

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2021





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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>Retail/Specialty Pharmacy</b> |                    |                 |              |              |              |              |             |              |
| CVS Health Corporation           | \$173,153.23       | \$75.23         | 10.1%        | 26.8%        | 18.0%        | 7.9%         | 0.6x        | 8.1x         |
| Walgreens Boots Alliance, Inc.   | 88,990.25          | 54.90           | 37.7%        | 20.0%        | 19.4%        | 5.1%         | 0.6x        | 12.4x        |
| Rite Aid Corporation             | 7,469.87           | 20.46           | 29.2%        | 36.4%        | 19.7%        | 5.3%         | 0.3x        | 5.3x         |
| Mean                             | \$89,871.12        | \$50.20         | 25.7%        | 27.7%        | 19.0%        | 6.1%         | 0.5x        | 8.6x         |
| Median                           | \$88,990.25        | \$54.90         | 29.2%        | 26.8%        | 19.4%        | 5.3%         | 0.6x        | 8.1x         |
| <b>Staffing and Services</b>     |                    |                 |              |              |              |              |             |              |
| Surgery Partners, Inc.           | \$7,033.13         | \$44.26         | 8.0%         | 27.5%        | 21.1%        | 17.7%        | 1.8x        | 18.2x        |
| AMN Healthcare Services, Inc.    | 4,403.47           | 73.70           | 52.6%        | 577.8%       | 33.1%        | 15.1%        | 3.6x        | 15.1x        |
| MEDNAX, Inc.                     | 2,740.76           | 25.47           | 3.8%         | 118.8%       | 25.9%        | 13.4%        | 1.6x        | 11.8x        |
| Cross Country Healthcare, Inc.   | 545.52             | 12.49           | 40.8%        | 85.3%        | 24.2%        | 4.5%         | 0.7x        | 14.4x        |
| Mean                             | \$3,680.72         | \$38.98         | 26.3%        | 202.4%       | 26.1%        | 12.7%        | 1.9x        | 14.9x        |
| Median                           | \$3,572.11         | \$34.87         | 24.4%        | 102.1%       | 25.1%        | 14.2%        | 1.7x        | 14.8x        |
| <b>Healthcare Mean</b>           | <b>\$63,353.61</b> | <b>\$147.25</b> | <b>14.4%</b> | <b>77.5%</b> | <b>38.7%</b> | <b>18.0%</b> | <b>3.7x</b> | <b>15.2x</b> |
| <b>Healthcare Median</b>         | <b>\$21,243.70</b> | <b>\$93.54</b>  | <b>7.9%</b>  | <b>43.1%</b> | <b>36.3%</b> | <b>16.6%</b> | <b>2.5x</b> | <b>12.4x</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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