



# INDUSTRY UPDATE

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HEALTHCARE  
Q3 2021



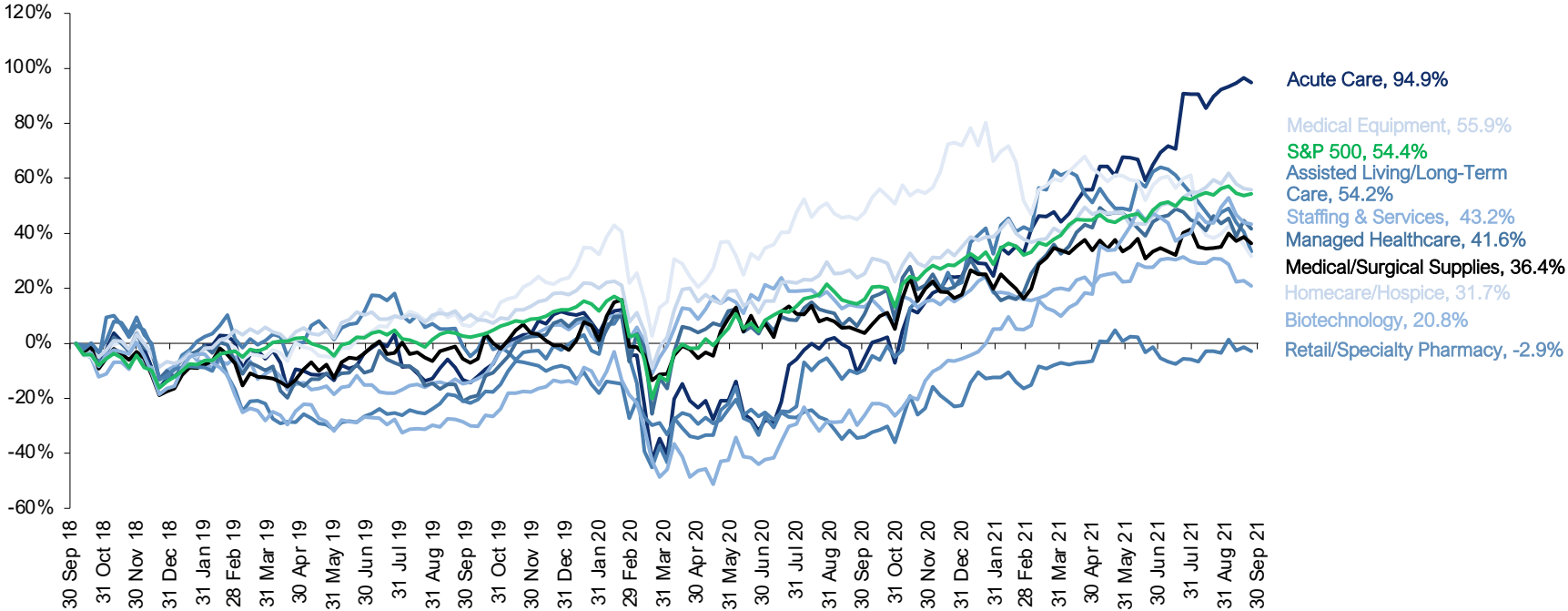
GREENWICH  
CAPITAL GROUP

# GCG Healthcare Update | Q3 2021

## Public Market Performance

Q3 2021 saw continued gains in some sectors of the Healthcare industry, while other sectors saw slight losses during the quarter. The broader U.S. equity market recorded slight gains as the major indices hovered around record highs, although inflation and growth concerns affected prices in September. On a 3-year period ending September 30, the S&P 500 returned 54.4%. The industry has been led by the Acute Care sector, which has recorded gains of 94.9% over the last 3 years. The Medical Equipment and Assisted Living/Long-Term Care segments have also done well recording gains of 55.9% and 54.2%, respectively, over the last 3 years. The growth of these segments can be attributed to a post-COVID rebound in high-margin elective procedures, implementation of cost cutting initiatives and selling off less profitable assets.

### Healthcare Market Performance



Source: S&P Capital IQ  
Note: All values based on publicly available data as of 9/30/2021

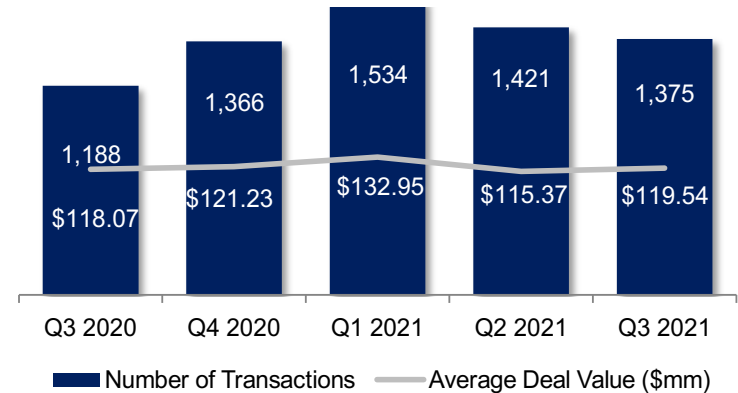


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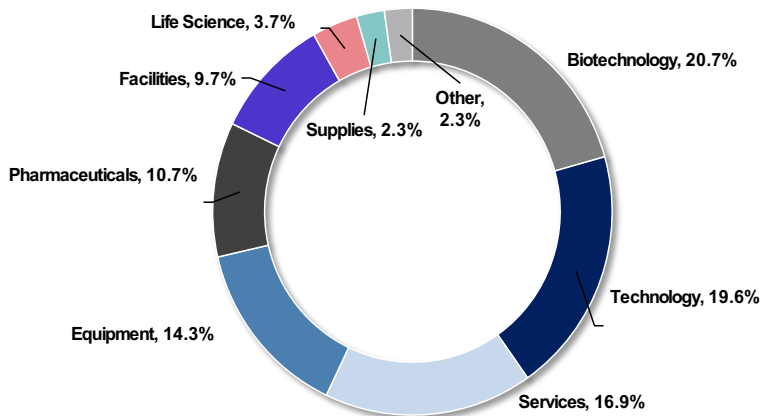
## Middle-Market M&A Activity

Q3 2021 M&A activity displayed a slight decrease in transaction volume compared to the previous quarter, however, average deal value had a modest increase during the same time span. M&A activity in the sector remains strong as 2021 continues to be a record year for deal activity. 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 Biotechnology category led transaction activity, accounting for 20.7% of total Healthcare volume. The Healthcare Technology and Healthcare Services sectors were strong in Q3 with 19.6% and 16.9% of transaction volume, respectively.

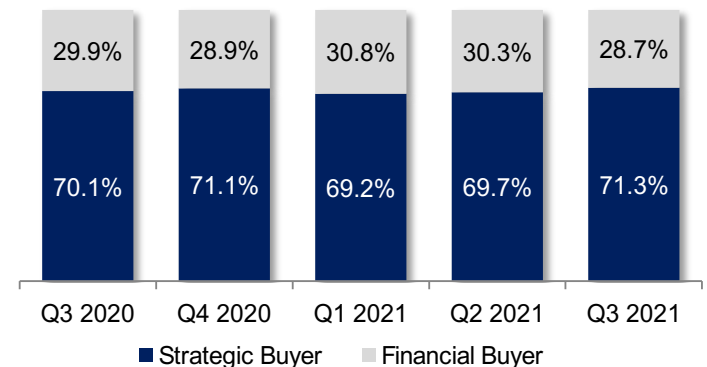
### Healthcare M&A Activity



### Q3 2021 M&A Activity by Sector



### M&A Activity by Buyer Type



Source: S&P Capital IQ, Kearney

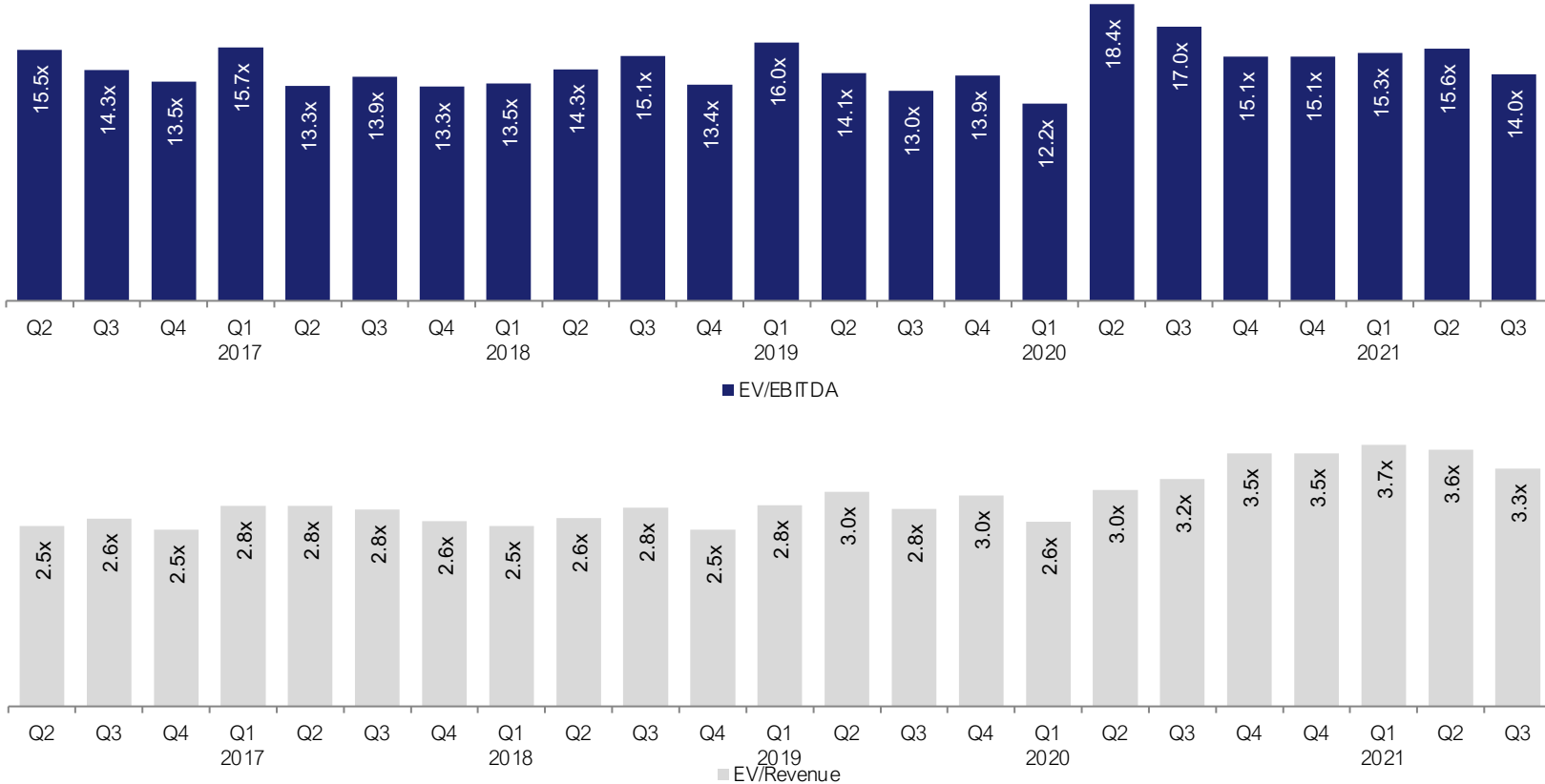
Note: All values based on publicly available data as of 9/30/2021. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



# GCG Healthcare Update | Q3 2021

## 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. Additionally, one of the strongest sectors in the Healthcare industry was Medical Equipment with an average multiple of 20.4x EBITDA. The Biotechnology sector also performed well as of Q3 2021, recording an average multiple of 17.0x EBITDA.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 9/30/2021



# GCG Healthcare Update | Q3 2021

## 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.	\$113,219.84	\$242.72	17.4%	94.7%	38.8%	23.5%	2.0x	8.6x
Tenet Healthcare Corporation	23,078.66	66.44	(0.80%)	171.1%	37.4%	20.4%	1.2x	6.1x
Community Health Systems, Inc.	13,415.26	11.70	(24.2%)	177.3%	40.2%	15.5%	1.1x	7.1x
Select Medical Holdings Corporation	9,139.46	36.17	(14.4%)	73.7%	22.1%	20.2%	1.6x	7.7x
Mean	\$39,758.30	\$89.26	(5.5%)	129.2%	34.6%	19.9%	1.5x	7.4x
Median	\$18,246.96	\$51.31	(7.6%)	132.9%	38.1%	20.3%	1.4x	7.4x
<b>Assisted Living/Long-Term Care</b>								
Brookdale Senior Living Inc.	\$6,125.21	\$6.30	(20.3%)	148.0%	21.9%	15.4%	2.2x	14.5x
The Ensign Group, Inc.	5,079.79	74.89	(13.6%)	31.2%	17.8%	17.6%	2.0x	11.6x
Capital Senior Living Corporation	857.57	35.22	(28.8%)	273.8%	28.4%	15.4%	3.5x	22.5x
Five Star Senior Living Inc.	68.35	4.38	(24.0%)	(13.6%)	47.9%	12.8%	0.3x	2.6x
Mean	\$3,032.73	\$30.20	(21.7%)	109.9%	29.0%	15.3%	2.0x	12.8x
Median	\$2,968.68	\$20.76	(22.1%)	89.6%	25.1%	15.4%	2.1x	13.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2021



# GCG Healthcare Update | Q3 2021

## 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>Biotechnology</b>								
AbbVie Inc.	\$264,206.22	\$107.87	(4.2%)	23.2%	68.1%	52.1%	4.9x	9.4x
Bristol-Myers Squibb Company	163,682.46	59.17	(11.4%)	(1.9%)	79.6%	43.3%	3.7x	8.5x
Amgen Inc.	145,453.80	212.65	(12.8%)	(16.3%)	75.3%	49.2%	5.7x	11.6x
Regeneron Pharmaceuticals, Inc.	57,805.79	605.18	8.4%	8.1%	63.0%	54.6%	4.7x	8.7x
IDEXX Laboratories, Inc.	53,690.00	621.90	(1.5%)	58.2%	58.8%	32.5%	17.6x	54.3x
Biogen Inc.	46,305.07	282.99	(18.3%)	(0.2%)	83.9%	28.8%	4.0x	13.7x
Vertex Pharmaceuticals Incorporated	41,243.57	181.39	(10.0%)	(33.3%)	45.6%	36.0%	6.2x	17.2x
BioMarin Pharmaceutical Inc.	14,136.03	77.29	(7.4%)	1.6%	39.1%	3.5%	7.4x	13.7x
Incyte Corporation	13,168.82	68.78	(18.2%)	(23.4%)	38.2%	18.4%	4.8x	8.7x
Merit Medical Systems, Inc.	4,343.35	71.80	11.0%	65.1%	43.6%	17.3%	4.2x	24.3x
Veracyte, Inc.	2,980.81	46.45	16.2%	43.0%	56.2%	(8.2%)	18.9x	NM
Mean	\$73,365.09	\$212.32	(4.4%)	11.3%	59.2%	29.8%	7.5x	17.0x
Median	\$46,305.07	\$107.87	(7.4%)	1.6%	58.8%	32.5%	4.9x	12.7x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2021



# GCG Healthcare Update | Q3 2021

## 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>Home Care/Hospice</b>								
Encompass Health Corporation	\$11,267.96	\$75.04	(3.8%)	15.5%	39.8%	22.9%	2.3x	10.0x
Chemed Corporation	7,360.43	465.12	(2.0%)	(3.2%)	35.6%	21.3%	3.5x	16.3x
LHC Group, Inc.	5,070.38	156.91	(21.6%)	(26.2%)	41.4%	14.4%	2.4x	16.5x
Amedisys, Inc.	5,059.01	149.10	(39.1%)	(36.9%)	45.7%	15.9%	2.3x	14.5x
Addus HomeCare Corporation	1,356.33	79.75	(8.6%)	(15.6%)	32.2%	12.5%	1.7x	13.4x
Mean	\$6,022.82	\$185.18	(15.0%)	(13.3%)	38.9%	17.4%	2.4x	14.2x
Median	\$5,070.38	\$149.10	(8.6%)	(15.6%)	39.8%	15.9%	2.3x	14.5x

<b>Managed Healthcare</b>								
UnitedHealth Group Incorporated	\$401,126.53	\$390.74	(2.4%)	25.3%	24.3%	9.1%	1.4x	16.6x
Anthem, Inc.	109,932.41	372.80	(2.4%)	38.8%	25.9%	6.9%	0.8x	12.5x
Cigna Corporation	98,048.93	200.16	(15.6%)	18.2%	14.0%	6.1%	0.6x	9.6x
Humana Inc.	54,037.59	389.15	(12.1%)	(6.0%)	17.6%	5.6%	0.7x	11.9x
Centene Corporation	43,841.44	62.31	(14.6%)	6.8%	16.1%	4.6%	0.4x	8.6x
Molina Healthcare, Inc.	13,588.50	271.31	7.2%	48.2%	12.4%	4.3%	0.6x	13.8x
Magellan Health, Inc.	2,170.87	94.55	0.4%	24.8%	2.5%	1.8%	0.5x	25.6x
Triple-S Management Corporation	752.67	35.37	58.8%	97.9%	18.6%	4.4%	0.2x	4.3x
Mean	\$90,437.37	\$227.05	2.4%	31.8%	16.4%	5.4%	0.6x	12.9x
Median	\$48,939.52	\$235.74	(2.4%)	25.0%	16.8%	5.1%	0.6x	12.2x

Source: S&P Capital IQ, Note: All values based on publicly available data as of 9/30/2021



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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>Medical Equipment</b>								
Johnson & Johnson	\$431,644.86	\$161.50	(2.0%)	8.5%	67.6%	34.6%	4.7x	13.9x
Danaher Corporation	233,826.58	304.44	13.4%	41.4%	60.3%	34.8%	8.8x	25.1x
Abbott Laboratories	219,208.91	118.13	1.9%	8.5%	57.4%	30.7%	5.2x	18.3x
Medtronic plc	184,170.28	125.35	1.0%	20.6%	67.0%	29.8%	5.8x	19.6x
Stryker Corporation	110,277.83	263.72	1.5%	26.6%	65.6%	29.3%	6.8x	23.2x
Boston Scientific Corporation	68,573.97	43.39	1.5%	13.6%	69.9%	26.8%	6.1x	22.8x
Baxter International Inc.	43,748.78	80.43	(0.1%)	0.0%	40.1%	24.0%	3.6x	15.0x
Teleflex Incorporated	19,671.21	376.55	(6.3%)	10.6%	54.2%	28.7%	7.3x	25.5x
Hill-Rom Holdings, Inc.	11,347.52	150.00	32.1%	79.6%	51.9%	19.6%	3.9x	19.7x
Mean	\$146,941.10	\$180.39	4.8%	23.3%	59.3%	28.7%	5.8x	20.4x
Median	\$110,277.83	\$150.00	1.5%	13.6%	60.3%	29.3%	5.8x	19.7x
<b>Medical/Surgical Supplies</b>								
McKesson Corporation	\$38,546.02	\$199.38	4.3%	33.9%	5.0%	2.0%	0.2x	8.0x
AmerisourceBergen Corporation	31,029.51	119.45	4.3%	23.2%	3.0%	1.6%	0.2x	9.4x
Cardinal Health, Inc.	17,345.81	49.46	(13.4%)	5.3%	4.3%	1.8%	0.1x	5.9x
Henry Schein, Inc.	12,828.97	76.16	2.7%	29.6%	28.5%	9.3%	1.1x	11.6x
Owens & Minor, Inc.	3,472.85	31.29	(26.1%)	24.6%	16.9%	6.5%	0.4x	5.7x
Mean	\$20,644.63	\$95.15	(5.6%)	23.3%	11.6%	4.2%	0.4x	8.1x
Median	\$17,345.81	\$76.16	2.7%	24.6%	5.0%	2.0%	0.2x	8.0x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2021





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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	\$181,829.11	\$84.86	1.7%	45.3%	17.4%	7.5%	0.7x	8.7x
Walgreens Boots Alliance, Inc.	81,364.65	47.05	(10.6%)	31.0%	21.2%	6.8%	0.6x	9.4x
Rite Aid Corporation	7,002.14	14.20	(12.9%)	49.6%	20.0%	5.2%	0.3x	5.6x
Mean	\$90,065.30	\$48.70	(7.2%)	42.0%	19.6%	6.5%	0.5x	7.9x
Median	\$81,364.65	\$47.05	(10.6%)	45.3%	20.0%	6.8%	0.6x	8.7x
<b>Staffing and Services</b>								
AMN Healthcare Services, Inc.	6,212.56	114.75	(36.4%)	93.3%	32.9%	19.4%	3.5x	15.2x
MEDNAX, Inc.	3,038.37	28.43	(5.7%)	74.6%	26.3%	13.7%	1.7x	12.3x
Cross Country Healthcare, Inc.	921.66	21.24	28.6%	227.3%	23.0%	6.6%	0.9x	13.0x
Mean	\$4,373.01	\$51.69	1.2%	122.9%	26.2%	14.0%	2.0x	14.0x
Median	\$4,625.47	\$35.39	6.3%	94.8%	24.7%	15.0%	1.9x	14.1x
<b>Healthcare Mean</b>	<b>\$65,003.29</b>	<b>\$151.09</b>	<b>(4.1%)</b>	<b>41.7%</b>	<b>37.5%</b>	<b>18.0%</b>	<b>3.3x</b>	<b>14.0x</b>
<b>Healthcare Median</b>	<b>\$17,345.81</b>	<b>\$84.86</b>	<b>(3.8%)</b>	<b>24.8%</b>	<b>37.4%</b>	<b>15.7%</b>	<b>2.2x</b>	<b>12.8x</b>

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2021



# GCG Healthcare Update | Q3 2021

## 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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