



INDUSTRY UPDATE

HEALTHCARE
Q2 2022



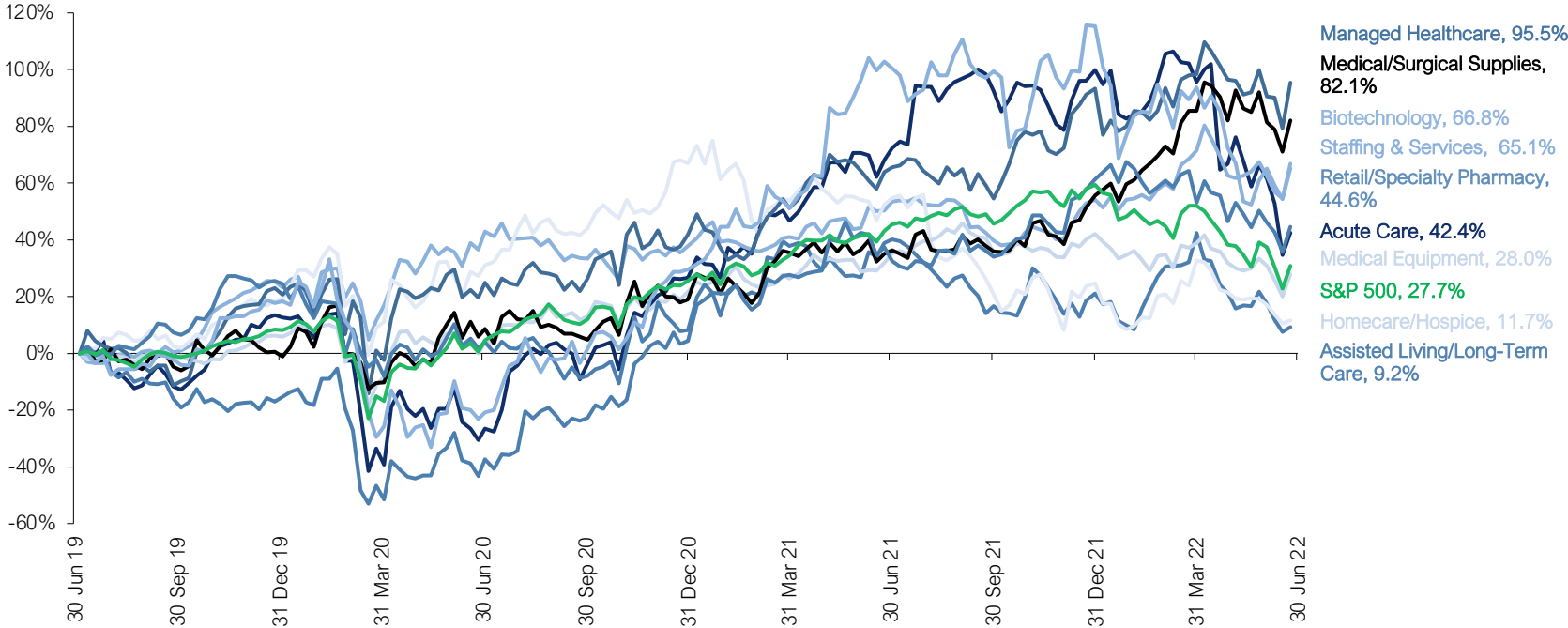
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Public Market Performance

Q2 2022 saw varying results across the Healthcare industry, with some sectors recording flat performance while others observed substantial losses. The broader U.S. equity market experienced a meaningful decrease in the quarter, as stock indexes fell due to Federal Reserve rate increases and continued inflationary concerns. Over a 3-year period ending June 30, 2022, the S&P 500 has returned 27.7%. Managed Healthcare has been the strongest performing sector over the last 3 years, recording a gain of 95.5%. Medical/Surgical Supply companies have also realized strong gains, posting a 3-year increase of 82.1%. The index of selected representative Healthcare stocks decreased an average of 15.0% in Q2 2022.

Healthcare Market Performance



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 6/30/2022



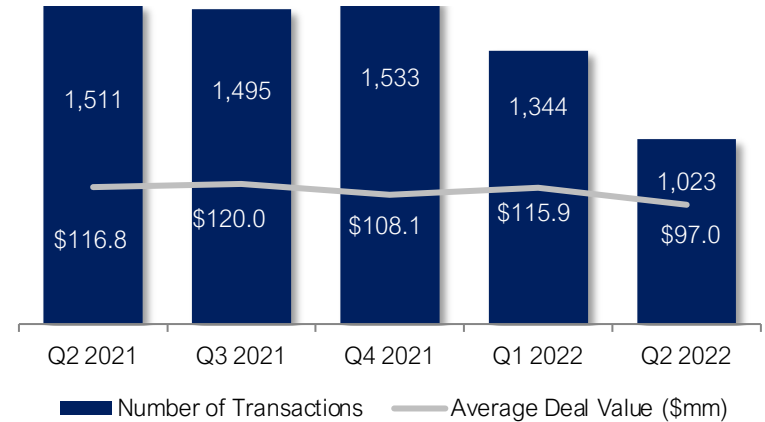
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Middle-Market M&A Activity

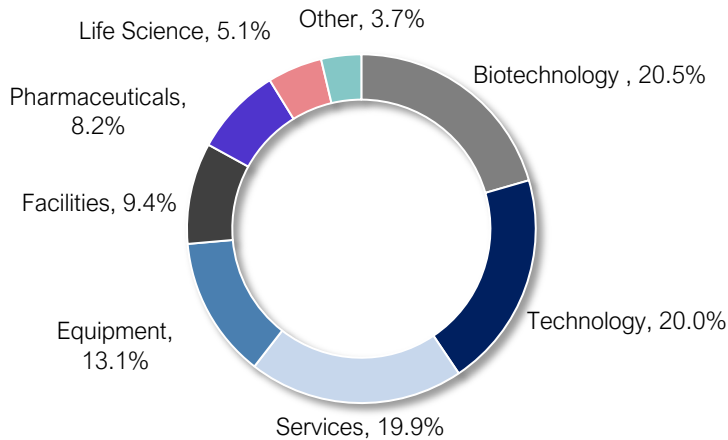
Q2 2022 M&A activity saw a substantial decrease in transaction volume compared to the previous quarter. Strategic buyers continue to comprise a majority of the overall deal activity, representing 72.6% of total transaction volume in the quarter. Financial buyers remain active in the space and have a substantial amount of capital available for investment and continue to seek both platform and add-on acquisitions.

The Biotechnology category led transaction activity, accounting for 20.5% of total Healthcare volume. The Healthcare Technology and Healthcare Services sectors were also strong in Q2 with 20.0% and 19.9% of transaction volume, respectively.

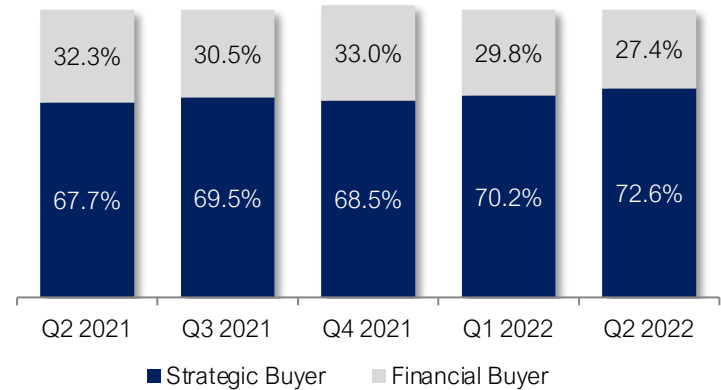
Q2 2022 Healthcare M&A Activity



Q2 2022 M&A Activity by Healthcare Sector



Q2 2022 M&A Activity by Buyer Type



Source: S&P Capital IQ, Kearney

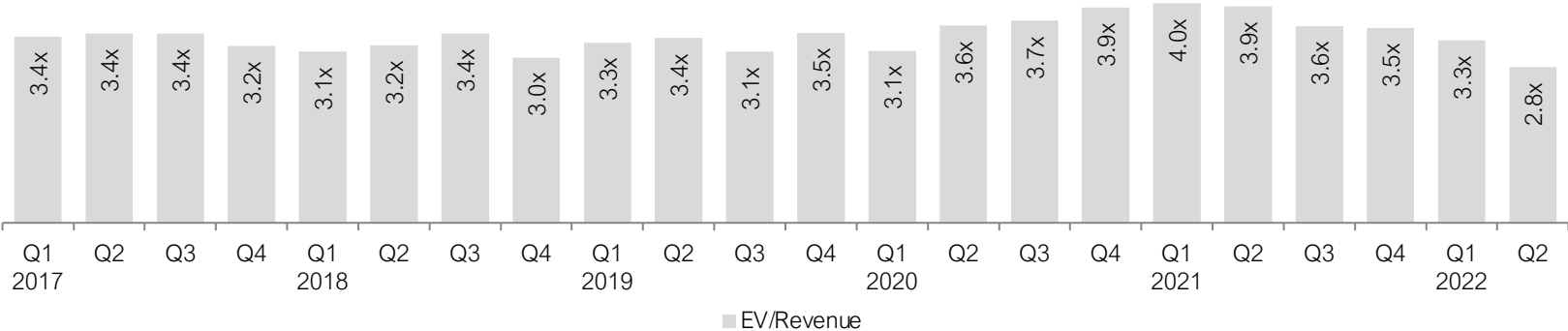
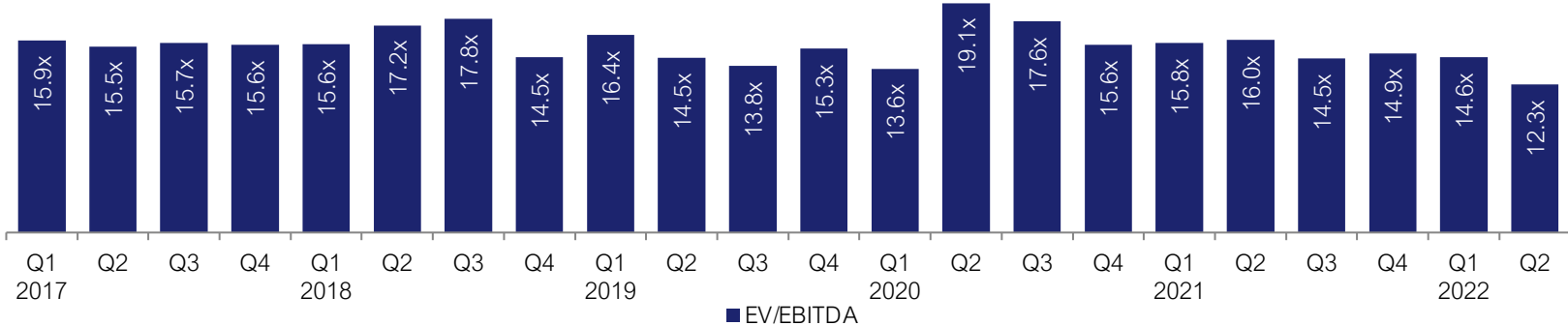
Note: All values based on publicly available data as of 6/30/2022. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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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 12.3x EBITDA and 2.8x revenue in Q2 2022. Additionally, two of the strongest sectors in the Healthcare industry were the Home Care/Hospice and Medical Equipment sectors with a median multiple of 15.1x EBITDA.



Source: S&P Capital IQ
Note: All values based on publicly available data as of 6/30/2022



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Public Comparable Companies

Company Name	Enterprise Value (\$mils)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:		
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA	
Acute-Care									
HCA Healthcare, Inc.	\$ 89,118	\$ 168.06	(34.1%)	(18.7%)	37.9%	22.3%	1.5x	6.6x	
Tenet Healthcare Corporation	22,466	52.56	(39.6%)	(21.5%)	37.4%	21.3%	1.2x	5.5x	
Community Health Systems, Inc.	13,521	3.75	(68.2%)	(75.7%)	40.9%	14.4%	1.1x	6.8x	
Select Medical Holdings Corporation	8,180	23.62	(1.3%)	(44.1%)	19.3%	17.4%	1.3x	7.5x	
Mean	\$ 33,321	\$ 62.00	(35.8%)	(40.0%)	33.9%	18.8%	1.3x	6.6x	
Median	\$ 17,993	\$ 38.09	(36.8%)	(32.8%)	37.7%	19.4%	1.2x	6.7x	

Assisted Living/Long-Term Care									
Brookdale Senior Living Inc.	\$ 5,586	\$ 4.54	(36.1%)	(42.5%)	21.3%	14.5%	2.2x	15.2x	
The Ensign Group, Inc.	5,197	73.47	(17.8%)	(15.2%)	18.2%	17.7%	1.9x	10.8x	
Sonida Senior Living, Inc.	799	21.00	(35.5%)	(57.6%)	19.3%	2.7%	4.0x	NM	
Mean	\$ 3,861	\$ 33.00	(29.8%)	(38.4%)	19.6%	11.6%	2.7x	13.0x	
Median	\$ 5,197	\$ 21.00	(35.5%)	(42.5%)	19.3%	14.5%	2.2x	13.0x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



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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	
Biotechnology									
AbbVie Inc.	\$ 336,758	\$ 153.16	(6.5%)	36.0%	70.6%	52.0%	5.9x	11.6x	
Bristol-Myers Squibb Company	194,802	77.00	4.4%	15.2%	79.8%	45.3%	4.1x	9.1x	
Amgen Inc.	160,281	243.30	0.3%	(0.2%)	75.2%	48.3%	6.1x	12.6x	
Regeneron Pharmaceuticals, Inc.	52,258	591.13	(14.6%)	5.8%	64.5%	51.9%	3.7x	5.6x	
IDEXX Laboratories, Inc.	30,543	350.73	(36.1%)	(44.5%)	58.7%	29.8%	9.2x	28.7x	
Biogen Inc.	32,680	203.94	(3.4%)	(41.1%)	77.3%	34.1%	3.1x	8.7x	
Vertex Pharmaceuticals Incorporated	64,704	281.79	9.9%	39.8%	47.7%	39.0%	8.1x	20.9x	
BioMarin Pharmaceutical Inc.	15,365	82.87	6.4%	(0.7%)	75.8%	3.1%	8.0x	8.7x	
Incyte Corporation	14,328	75.97	(4.6%)	(9.7%)	50.0%	24.5%	4.3x	5.6x	
Merit Medical Systems, Inc.	3,345	54.27	(18.3%)	(16.1%)	45.1%	19.8%	3.0x	28.7x	
Veracyte, Inc.	1,277	19.90	(30.8%)	(50.2%)	65.2%	(0.2%)	4.8x	NM	
Mean	\$ 82,395	\$ 194.01	(8.5%)	(6.0%)	64.5%	31.6%	5.5x	14.0x	
Median	\$ 32,680	\$ 153.16	(4.6%)	(0.7%)	65.2%	34.1%	4.8x	11.6x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



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Public Comparable Companies

Company Name	Enterprise Value (\$mils)	Share Stock Price	Price Change		LTM Margins		TEV / LTM:		
			3 month	12 month	Gross	EBITDA	Revenue	EBITDA	
Home Care/Hospice									
Encompass Health Corporation	\$ 9,528	\$ 56.05	(21.2%)	(28.2%)	38.2%	20.9%	1.8x	8.4x	
Chemed Corporation	7,245	469.39	(7.7%)	(1.1%)	36.9%	22.5%	3.4x	15.5x	
Amedisys, Inc.	3,954	105.12	(39.2%)	(57.1%)	43.9%	12.8%	1.8x	11.5x	
LHC Group, Inc.	5,816	155.74	(7.3%)	(22.2%)	38.5%	10.0%	2.5x	22.2x	
Addus HomeCare Corporation	1,506	83.28	(7.8%)	(4.5%)	30.3%	9.2%	1.7x	15.1x	
Mean	\$ 5,610	\$ 173.92	(16.6%)	(22.6%)	37.5%	15.1%	2.2x	14.5x	
Median	\$ 5,816	\$ 105.12	(7.8%)	(22.2%)	38.2%	12.8%	1.8x	15.1x	
Managed Healthcare									
UnitedHealth Group Incorporated	\$ 508,765	\$ 513.63	(1.4%)	28.3%	24.0%	9.4%	1.7x	18.4x	
Cigna Corporation	113,008	263.52	7.2%	11.2%	13.0%	5.8%	0.6x	11.0x	
Humana Inc.	67,659	468.07	6.5%	5.7%	18.8%	5.6%	0.7x	13.8x	
Centene Corporation	61,180	84.61	(2.0%)	16.0%	18.6%	4.8%	0.5x	10.6x	
Molina Healthcare, Inc.	13,993	279.61	(18.1%)	10.5%	12.2%	4.6%	0.5x	11.2x	
Mean	\$ 152,921	\$ 321.89	(1.6%)	14.3%	17.3%	6.0%	0.8x	13.0x	
Median	\$ 67,659	\$ 279.61	(1.4%)	11.2%	18.6%	5.6%	0.6x	11.2x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 6/30/2022



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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
Medical Equipment										
Johnson & Johnson	\$	469,860	\$	177.51	(1.2%)	7.8%	68.1%	34.5%	5.0x	14.4x
Danaher Corporation		203,929		253.52	(14.7%)	(5.5%)	60.9%	35.7%	6.7x	18.9x
Abbott Laboratories		199,436		108.65	(9.7%)	(6.3%)	58.0%	31.4%	4.4x	14.4x
Medtronic plc		133,770		89.75	(19.6%)	(27.7%)	68.3%	30.2%	4.2x	14.0x
Stryker Corporation		88,294		198.93	(26.1%)	(23.4%)	64.8%	26.6%	5.0x	18.7x
Boston Scientific Corporation		62,638		37.27	(16.6%)	(12.8%)	69.6%	26.4%	5.1x	18.9x
Baxter International Inc.		47,774		64.23	(19.1%)	(20.2%)	41.2%	24.1%	3.4x	14.3x
Teleflex Incorporated		12,997		245.85	(29.4%)	(38.8%)	54.9%	28.9%	4.6x	15.8x
Mean	\$	152,337	\$	146.96	(17.1%)	(15.9%)	60.7%	29.7%	4.8x	16.2x
Median	\$	111,032	\$	143.08	(17.9%)	(16.5%)	62.8%	29.5%	4.8x	15.1x

Medical/Surgical Supplies										
McKesson Corporation	\$	51,403	\$	326.21	6.3%	70.6%	4.9%	1.5%	0.2x	13.5x
AmerisourceBergen Corporation		34,796		141.48	(8.8%)	23.6%	3.5%	1.6%	0.1x	9.2x
Cardinal Health, Inc.		17,500		52.27	(9.3%)	(8.4%)	3.7%	1.5%	0.1x	6.8x
Henry Schein, Inc.		12,932		76.74	(12.6%)	3.4%	29.9%	9.5%	1.0x	10.8x
Owens & Minor, Inc.		5,115		31.45	(29.7%)	(25.7%)	16.0%	5.6%	0.5x	10.1x
Mean	\$	24,349	\$	125.63	(10.8%)	12.7%	11.6%	3.9%	0.4x	10.1x
Median	\$	17,500	\$	76.74	(9.3%)	3.4%	4.9%	1.6%	0.2x	10.1x

Source: S&P Capital IQ

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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	
Retail/Specialty Pharmacy									
CVS Health Corporation	\$ 186,389	\$ 92.66	(10.5%)	11.0%	17.1%	7.2%	0.6x	8.5x	
Walgreens Boots Alliance, Inc.	71,434	37.90	(20.1%)	(28.0%)	21.8%	6.7%	0.5x	8.0x	
Rite Aid Corporation	6,466	6.74	(28.0%)	(58.7%)	20.5%	5.0%	0.3x	5.3x	
Mean	\$ 88,096	\$ 45.77	(19.6%)	(25.2%)	19.8%	6.3%	0.5x	7.2x	
Median	\$ 71,434	\$ 37.90	(20.1%)	(28.0%)	20.5%	6.7%	0.5x	8.0x	
Staffing and Services									
Surgery Partners, Inc.	\$ 6,814	\$ 28.92	3.7%	13.1%	22.2%	11.6%	1.2x	12.9x	
AMN Healthcare Services, Inc.	5,656	109.71	(47.8%)	(56.6%)	32.6%	30.5%	2.9x	7.8x	
MEDNAX, Inc.	2,582	21.01	(9.6%)	(30.3%)	26.1%	15.0%	1.3x	8.9x	
Cross Country Healthcare, Inc.	1,029	20.83	(2.2%)	26.2%	22.5%	11.5%	0.4x	4.4x	
Mean	\$ 4,020	\$ 45.12	(14.0%)	(11.9%)	25.9%	17.1%	1.4x	8.5x	
Median	\$ 4,119	\$ 24.97	(5.9%)	(8.6%)	24.3%	13.3%	1.3x	8.3x	
Healthcare Mean	\$ 72,181	\$ 147.54	(15.0%)	(11.9%)	39.3%	18.9%	2.8x	12.3x	
Healthcare Median	\$ 19,983	\$ 87.18	(11.6%)	(11.3%)	37.7%	15.0%	2.0x	11.4x	

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.



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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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