



# INDUSTRY UPDATE

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HEALTHCARE  
Q3 2022



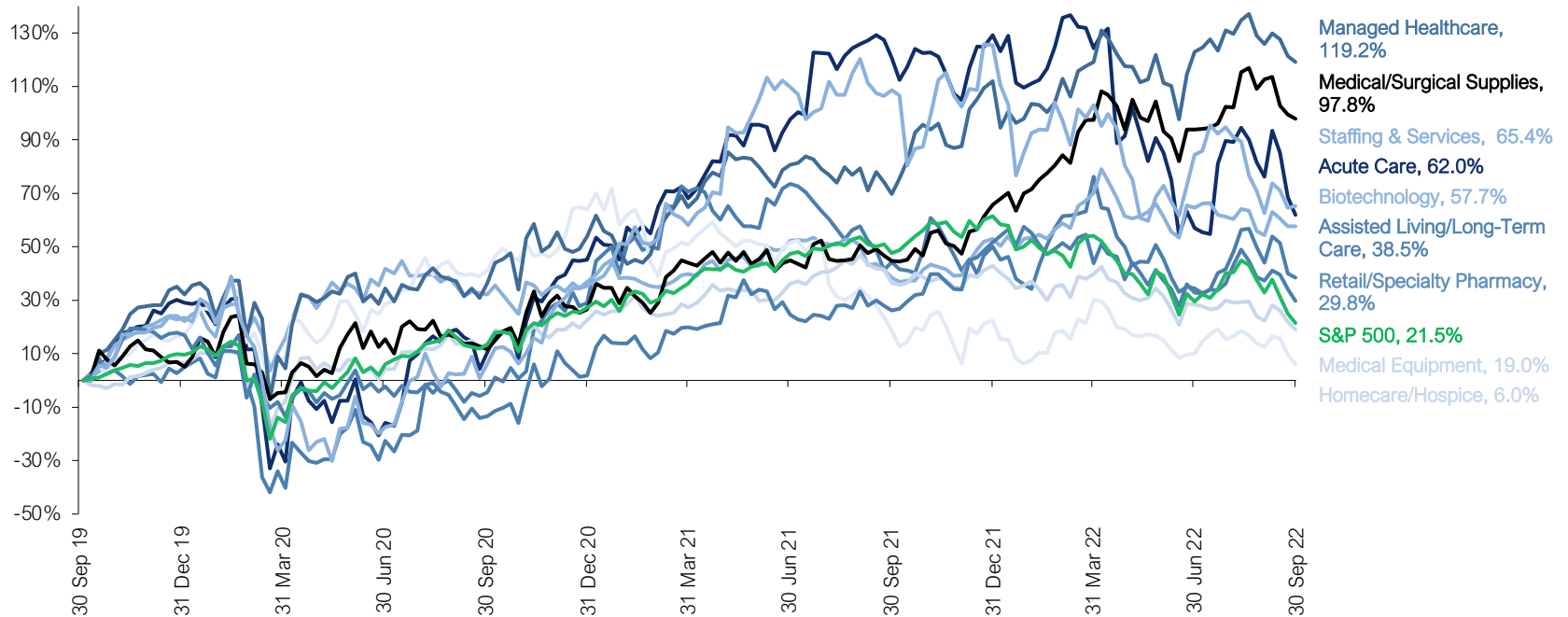
GREENWICH  
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# GCG Healthcare Update | Q3 2022

## Public Market Performance

Q3 2022 saw modest losses in public equities across the Healthcare landscape that were in line with the broader equity market. Inflation and interest rate concerns continued to persist in the market, however, some Healthcare sectors recorded positive gains in the quarter. The Managed Healthcare sector recorded an average gain of 1.9% in the quarter, substantially outperforming the broader market. Over a 3-year period ending September 30, 2022, the S&P 500 has returned 21.5%. Managed Healthcare has been the strongest performing sector over the last 3 years, recording a gain of 119.2%. Medical/Surgical Supply companies have also realized strong gains, posting a 3-year increase of 97.8%, significantly outpacing the broader equity market. The index of selected representative Healthcare stocks decreased an average of 3.8% in Q2 2022.

### Healthcare Market Performance



Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



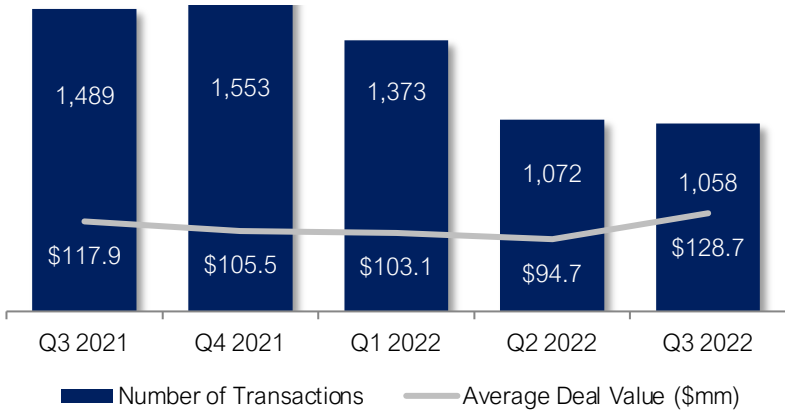
# GCG Healthcare Update | Q3 2022

## Middle-Market M&A Activity

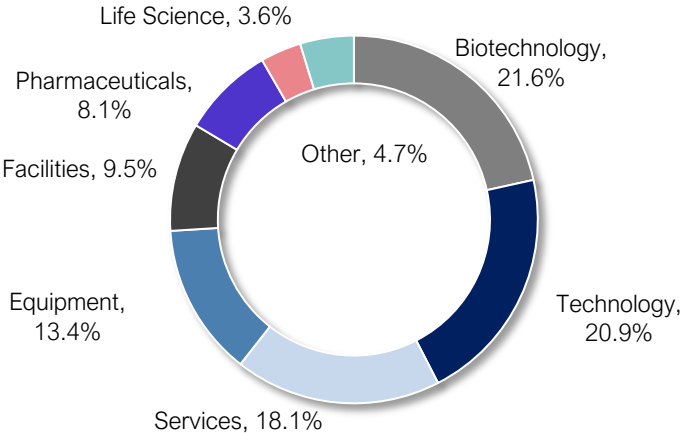
Q3 2022 middle-market M&A deal volume remained stable from Q2, while average deal value saw a considerable increase. Q3 2022 deal volume is down 29% compared to Q3 2021, but average deal value remains strong recording its highest level over the past year. Strategic buyers continue to comprise a majority of the overall deal activity, representing 74.8% of total transaction volume in the quarter while financial buyers continue to deploy capital into the market.

The Biotechnology category led transaction activity, accounting for 21.6% of total Healthcare volume. The Healthcare Technology and Healthcare Services sectors were also strong in Q3 with 20.9% and 18.1% of transaction volume, respectively.

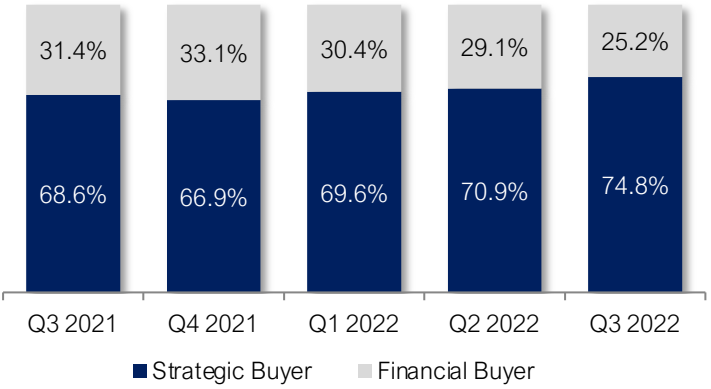
Q3 2022 Healthcare M&A Activity



Q3 2022 M&A Activity by Healthcare Sector



Q3 2022 M&A Activity by Buyer Type



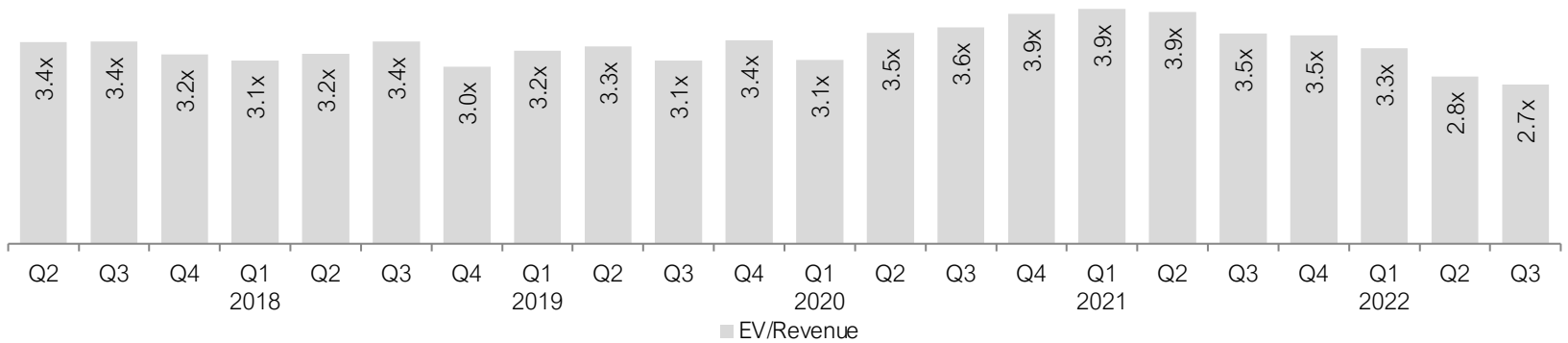
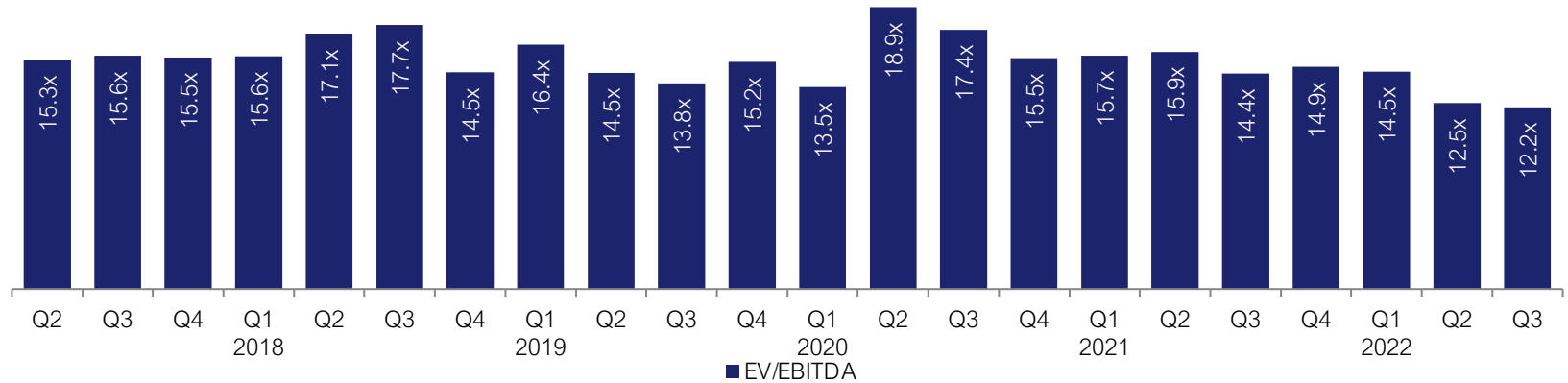
Source: S&P Capital IQ, Kearney  
 Note: All values based on publicly available data as of 9/30/2022. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



# GCG Healthcare Update | Q3 2022

## 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 12.2x EBITDA and 2.7x revenue in Q3 2022. Additionally, two of the strongest sectors in the Healthcare industry were the Home Care/Hospice and Medical Equipment sectors with an average multiple of 15.8x and 15.3x EBITDA, respectively.



Source: S&P Capital IQ  
Note: All values based on publicly available data as of 9/30/2022



# GCG Healthcare Update | Q3 2022

## Public Comparable Companies

<u>Company Name</u>	<u>Enterprise Value (\$mil)</u>	<u>Share Stock Price</u>	<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>		
			<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>	
<b>Acute-Care</b>									
HCA Healthcare, Inc.	\$ 95,016	\$ 183.79	9.4%	(24.3%)	37.9%	22.3%	1.6x	7.1x	
Tenet Healthcare Corporation	22,310	51.58	(1.9%)	(22.4%)	37.4%	21.3%	1.2x	5.5x	
Community Health Systems, Inc.	13,451	2.15	(42.7%)	(81.6%)	40.9%	14.4%	1.1x	7.6x	
Select Medical Holdings Corporation	7,931	22.10	(6.4%)	(38.9%)	18.1%	16.1%	1.3x	7.9x	
Mean	\$ 34,677	\$ 64.91	(10.4%)	(41.8%)	33.6%	18.5%	1.3x	7.0x	
Median	\$ 17,880	\$ 36.84	(4.1%)	(31.6%)	37.7%	18.7%	1.2x	7.3x	
<b>Assisted Living/Long-Term Care</b>									
Brookdale Senior Living Inc.	\$ 5,554	\$ 4.27	(5.9%)	(32.2%)	21.3%	14.2%	2.2x	15.7x	
The Ensign Group, Inc.	5,493	79.50	8.2%	6.2%	18.2%	17.7%	2.0x	11.0x	
Sonida Senior Living, Inc.	784	16.24	(22.7%)	(53.9%)	19.5%	3.2%	3.8x	NM	
Mean	\$ 3,943	\$ 33.34	(6.8%)	(26.7%)	19.6%	11.7%	2.7x	13.4x	
Median	\$ 5,493	\$ 16.24	(5.9%)	(32.2%)	19.5%	14.2%	2.2x	13.4x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



# GCG Healthcare Update | Q3 2022

## Public Comparable Companies

<u>Company Name</u>	<u>Enterprise</u>		<u>Share</u>		<u>Price Change</u>		<u>LTM Margins</u>		<u>TEV / LTM:</u>	
	<u>Value (\$mls)</u>		<u>Stock Price</u>		<u>3 month</u>	<u>12 month</u>	<u>Gross</u>	<u>EBITDA</u>	<u>Revenue</u>	<u>EBITDA</u>
<b>Biotechnology</b>										
AbbVie Inc.	\$	300,556	\$	134.21	(12.4%)	24.4%	70.7%	48.0%	5.2x	10.9x
Bristol-Myers Squibb Company		181,641		71.09	(7.7%)	20.1%	79.8%	45.3%	3.9x	8.5x
Amgen Inc.		149,912		225.40	(7.4%)	6.0%	75.8%	50.7%	5.7x	11.2x
Vertex Pharmaceuticals Incorporated		65,849		289.54	2.8%	59.6%	48.2%	39.7%	7.9x	19.8x
Regeneron Pharmaceuticals, Inc.		62,364		688.87	16.5%	13.8%	63.3%	51.9%	4.4x	8.5x
Biogen Inc.		40,387		267.00	30.9%	(5.7%)	77.3%	34.1%	3.8x	11.1x
IDEXX Laboratories, Inc.		28,506		325.80	(7.1%)	(47.6%)	58.7%	29.8%	8.6x	28.9x
BioMarin Pharmaceutical Inc.		15,705		84.77	2.3%	9.7%	75.8%	4.0%	8.2x	NM
Incyte Corporation		12,144		66.64	(12.3%)	(3.1%)	50.0%	24.5%	3.7x	14.9x
Merit Medical Systems, Inc.		3,461		56.51	4.1%	(21.3%)	45.3%	19.9%	3.1x	15.6x
Veracyte, Inc.		1,042		16.60	(16.6%)	(64.3%)	65.2%	(12.4%)	3.9x	NM
Mean	\$	78,324	\$	202.40	(0.6%)	(0.7%)	64.5%	30.5%	5.3x	14.4x
Median	\$	40,387	\$	134.21	(7.1%)	6.0%	65.2%	34.1%	4.4x	11.2x

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



# GCG Healthcare Update | Q3 2022

## 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	\$ 8,399	\$ 45.23	(19.3%)	(39.7%)	38.2%	20.4%	1.6x	7.8x	
Chemed Corporation	6,728	436.56	(7.0%)	(6.1%)	36.9%	22.5%	3.1x	13.9x	
LHC Group, Inc.	6,025	163.66	5.1%	4.3%	38.5%	10.1%	2.6x	26.0x	
Amedisys, Inc.	3,729	96.79	(7.9%)	(35.1%)	44.2%	13.1%	1.7x	12.8x	
Addus HomeCare Corporation	1,642	95.24	14.4%	19.4%	30.3%	9.9%	1.8x	18.4x	
Mean	\$ 5,304	\$ 167.50	(3.0%)	(11.4%)	37.6%	15.2%	2.2x	15.8x	
Median	\$ 6,025	\$ 96.79	(7.0%)	(6.1%)	38.2%	13.1%	1.8x	13.9x	

<b>Managed Healthcare</b>									
UnitedHealth Group Incorporated	\$ 507,492	\$ 505.04	(1.7%)	29.3%	24.2%	9.7%	1.6x	17.6x	
Elevance Health Inc.	127,123	454.24	(5.9%)	21.8%	25.7%	6.6%	0.8x	12.5x	
Cigna Corporation	114,246	277.47	5.3%	38.6%	13.0%	5.8%	0.6x	11.0x	
Humana Inc.	69,492	485.19	3.7%	24.7%	18.8%	5.6%	0.8x	13.7x	
Centene Corporation	53,542	77.81	(8.0%)	24.9%	18.6%	4.8%	0.4x	8.5x	
Molina Healthcare, Inc.	17,243	329.84	18.0%	21.6%	12.2%	4.6%	0.6x	12.8x	
Mean	\$ 148,189	\$ 354.93	1.9%	26.8%	18.8%	6.2%	0.8x	12.7x	
Median	\$ 91,869	\$ 392.04	1.0%	24.8%	18.7%	5.7%	0.7x	12.6x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



# GCG Healthcare Update | Q3 2022

## 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	\$ 429,531.8	\$ 163.36	(8.0%)	1.2%	67.9%	34.2%	4.5x	13.1x	
Danaher Corporation	206,745	258.29	1.9%	(15.2%)	60.8%	35.7%	6.6x	18.6x	
Abbott Laboratories	177,225	96.76	(10.9%)	(18.1%)	57.2%	29.9%	3.9x	12.4x	
Medtronic plc	121,810	80.75	(10.0%)	(35.6%)	67.9%	29.0%	3.9x	13.5x	
Stryker Corporation	89,350	202.54	1.8%	(23.2%)	64.8%	26.6%	5.1x	19.1x	
Boston Scientific Corporation	64,499	38.73	3.9%	(10.7%)	69.4%	27.0%	5.2x	19.4x	
Baxter International Inc.	42,472	53.86	(16.1%)	(33.0%)	41.2%	24.1%	3.0x	12.4x	
Teleflex Incorporated	10,939	201.46	(18.1%)	(46.5%)	54.9%	28.9%	3.9x	13.5x	
Mean	\$ 142,822	\$ 136.97	(6.9%)	(22.6%)	60.5%	29.4%	4.5x	15.3x	
Median	\$ 105,580	\$ 130.06	(9.0%)	(20.6%)	62.8%	28.9%	4.2x	13.5x	

<b>Medical/Surgical Supplies</b>									
McKesson Corporation	\$ 54,581	\$ 339.87	4.2%	70.5%	4.9%	1.5%	0.2x	13.7x	
AmerisourceBergen Corporation	32,665	135.33	(4.3%)	13.3%	3.5%	1.6%	0.1x	8.6x	
Cardinal Health, Inc.	18,605	66.68	27.6%	34.8%	3.6%	1.4%	0.1x	7.5x	
Henry Schein, Inc.	11,271	65.77	(14.3%)	(13.6%)	29.9%	9.5%	0.9x	9.3x	
Owens & Minor, Inc.	4,648	24.10	(23.4%)	(23.0%)	16.0%	5.6%	0.5x	8.5x	
Mean	\$ 24,354	\$ 126.35	(2.1%)	16.4%	11.6%	3.9%	0.4x	9.5x	
Median	\$ 18,605	\$ 66.68	(4.3%)	13.3%	4.9%	1.6%	0.2x	8.6x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022





# GCG Healthcare Update | Q3 2022

## 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	\$ 184,705	\$ 95.37	2.9%	12.4%	17.1%	7.2%	0.6x	8.4x	
Walgreens Boots Alliance, Inc.	65,817	31.40	(17.2%)	(33.3%)	21.3%	7.3%	0.5x	7.3x	
Rite Aid Corporation	6,539	4.95	(26.6%)	(65.1%)	20.4%	4.9%	0.3x	5.6x	
Mean	\$ 85,687	\$ 43.91	(13.6%)	(28.7%)	19.6%	6.5%	0.5x	7.1x	
Median	\$ 65,817	\$ 31.40	(17.2%)	(33.3%)	20.4%	7.2%	0.5x	7.3x	
<b>Staffing and Services</b>									
Surgery Partners, Inc.	\$ 6,502	\$ 23.40	(3.4%)	(7.7%)	22.2%	10.3%	1.0x	12.1x	
AMN Healthcare Services, Inc.	5,369	105.96	(19.1%)	(44.7%)	32.5%	34.4%	2.7x	6.6x	
Pediatrics Medical Group, Inc.	2,137	16.51	(21.4%)	(41.9%)	26.1%	15.0%	1.1x	7.3x	
Cross Country Healthcare, Inc.	1,301	28.37	36.2%	33.6%	22.5%	11.5%	0.5x	4.4x	
Mean	\$ 3,827	\$ 43.56	(1.9%)	(15.2%)	25.8%	17.8%	1.3x	7.6x	
Median	\$ 3,753	\$ 25.89	(11.3%)	(24.8%)	24.3%	13.2%	1.1x	6.9x	
<b>Healthcare Mean</b>	<b>\$ 70,704</b>	<b>\$ 154.83</b>	<b>(3.8%)</b>	<b>(8.1%)</b>	<b>38.9%</b>	<b>18.4%</b>	<b>2.7x</b>	<b>12.2x</b>	
<b>Healthcare Median</b>	<b>\$ 22,310</b>	<b>\$ 95.24</b>	<b>(5.9%)</b>	<b>(7.7%)</b>	<b>37.4%</b>	<b>14.7%</b>	<b>2.0x</b>	<b>11.6x</b>	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2022



# GCG Healthcare Update | Q3 2022

## 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).



**Joe Schmitt**

Managing Director

Healthcare Leader

[jschmitt@greenwichgp.com](mailto:jschmitt@greenwichgp.com)

O: (248) 480-2032

M: (313) 247-3467

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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