



INDUSTRY UPDATE

HEALTHCARE
Q4 2022

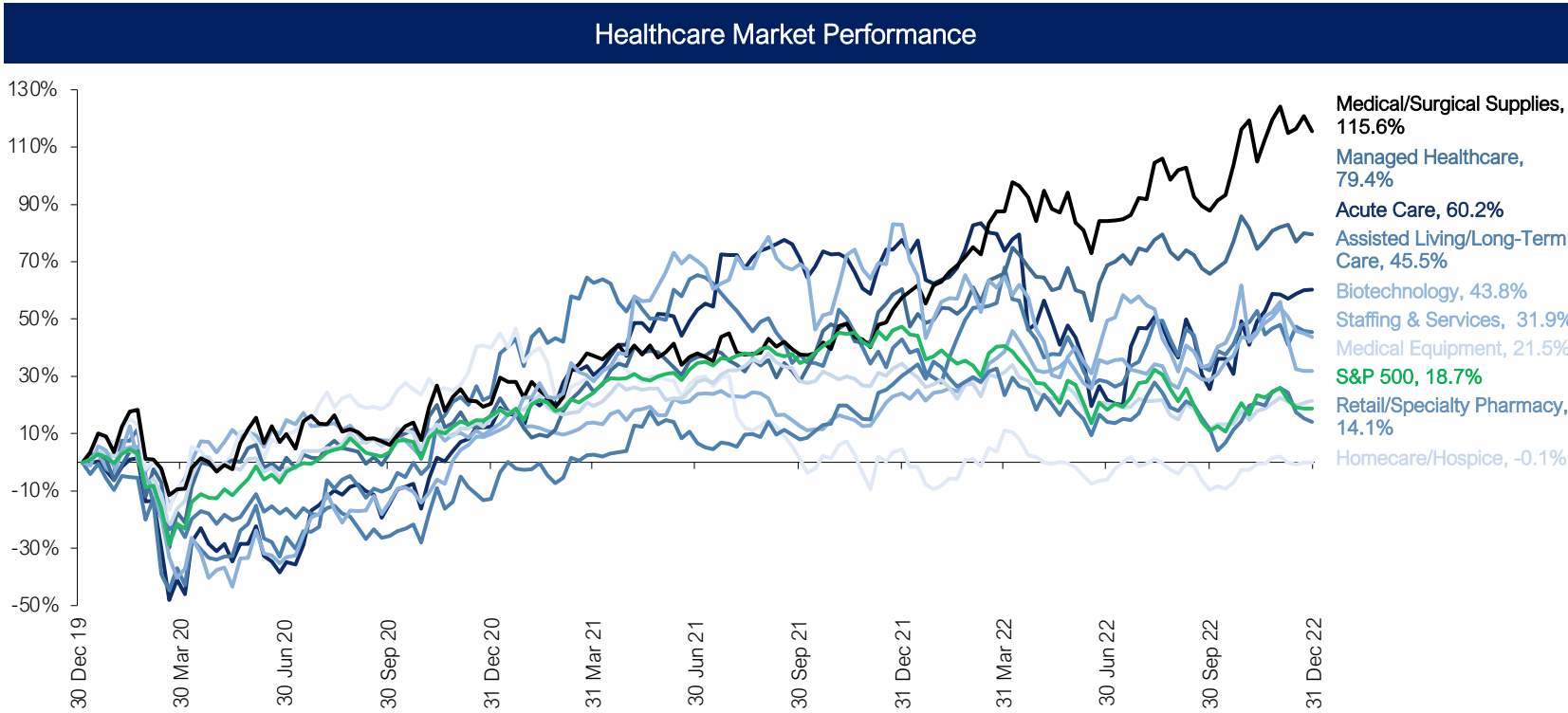


GREENWICH
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Public Market Performance

Q4 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 December 31, 2022, the S&P 500 has returned 18.7%. Medical/Surgical Supplies has been the strongest performing sector over the last 3 years, recording a gain of 115.6%. Managed Healthcare companies have also realized strong gains, posting a 3-year increase of 79.4%, significantly outpacing the broader equity market.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2022



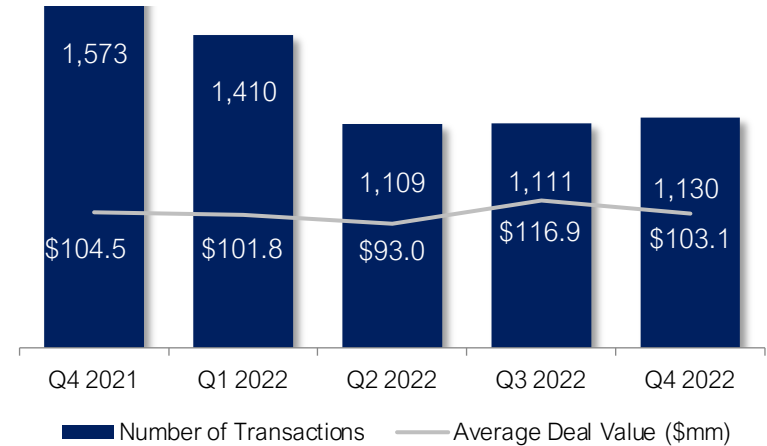
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Middle-Market M&A Activity

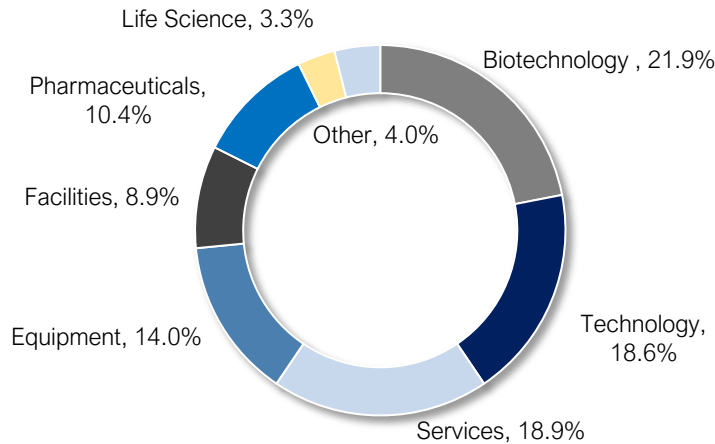
Q4 2022 middle-market M&A deal volume remained stable from Q3 and Q2, while average deal value decreased slightly. Q4 2022 deal volume is down 28% compared to Q4 2021, but average deal value remains resilient over the past year. Strategic buyers continue to comprise a majority of the overall deal activity, representing 77.3% 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 21.9% 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.

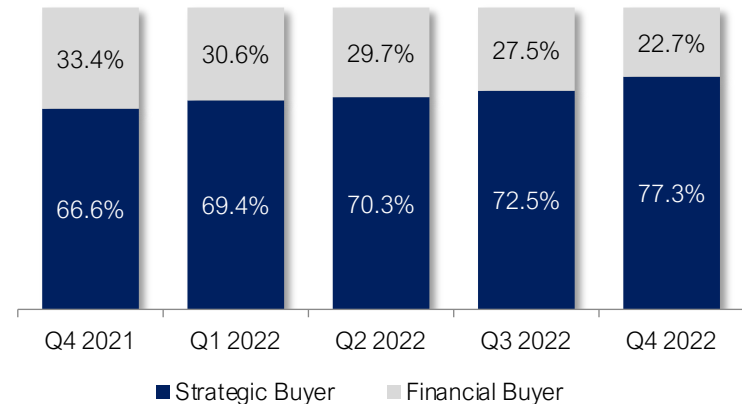
Q4 2022 Healthcare M&A Activity



Q4 2022 M&A Activity by Healthcare Sector



Q4 2022 M&A Activity by Buyer Type



Source: S&P Capital IQ, Kearney

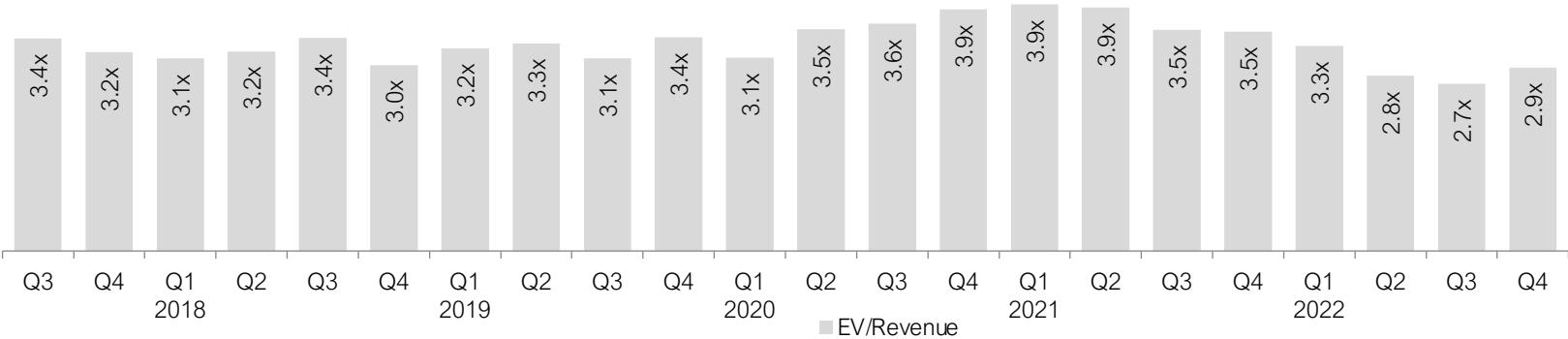
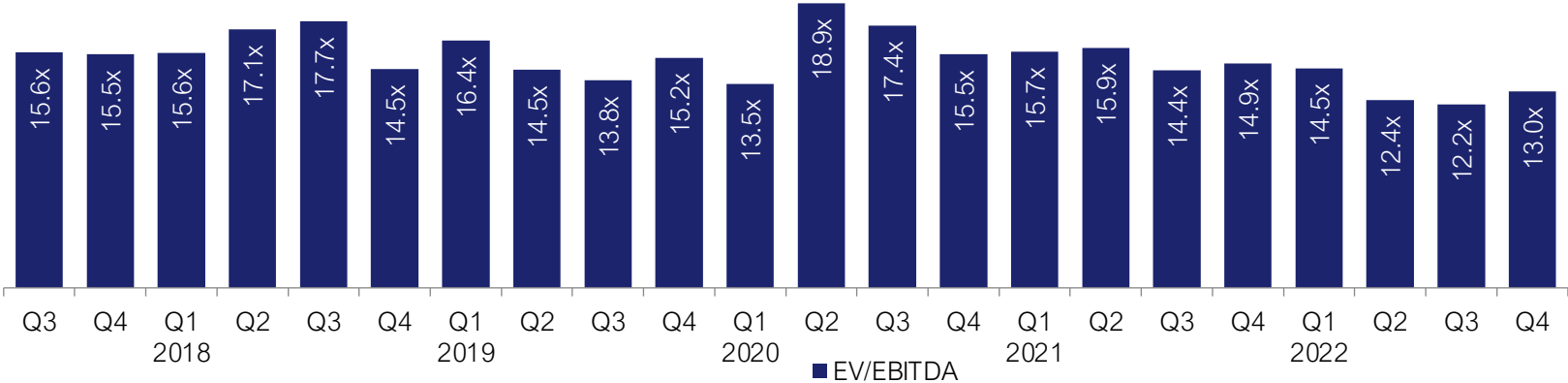
Note: All values based on publicly available data as of 12/31/2022. Beginning in Q3 2020, GCG's middle market M&A criteria includes transactions from \$10mm to \$500mm in EV.



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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 13.0x EBITDA and 2.9x revenue in Q4 2022, both up QoQ. Additionally, two of the strongest sectors in the Healthcare industry were Assisted Living/Long-Term Care and Medical Equipment sectors with an average multiple of 18.4x and 16.8x EBITDA, respectively.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2022



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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 (\$mils)</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>	
Acute-Care									
HCA Healthcare, Inc.	\$ 108,783	\$ 239.96	30.6%	(6.6%)	38.2%	21.9%	1.8x	8.3x	
Tenet Healthcare Corporation	22,500	48.79	(5.4%)	(40.3%)	37.0%	20.9%	1.2x	5.7x	
Community Health Systems, Inc.	13,544	4.32	100.9%	(67.5%)	40.6%	13.0%	1.1x	8.5x	
Select Medical Holdings Corporation	8,274	24.83	12.4%	(15.5%)	17.0%	15.0%	1.3x	8.7x	
Mean	\$ 38,275	\$ 79.48	34.6%	(32.5%)	33.2%	17.7%	1.4x	7.8x	
Median	\$ 18,022	\$ 36.81	21.5%	(27.9%)	37.6%	17.9%	1.2x	8.4x	

Assisted Living/Long-Term Care									
Brookdale Senior Living Inc.	\$ 5,228	\$ 2.73	(36.1%)	(47.1%)	20.9%	13.9%	2.1x	14.8x	
The Ensign Group, Inc.	6,359	94.61	19.0%	12.7%	17.9%	17.6%	2.2x	12.5x	
Sonida Senior Living, Inc.	761	12.50	(23.0%)	(56.1%)	19.5%	4.2%	3.7x	NM	
Mean	\$ 4,116	\$ 36.61	(13.4%)	(30.2%)	19.4%	11.9%	2.6x	13.6x	
Median	\$ 5,228	\$ 12.50	(23.0%)	(47.1%)	19.5%	13.9%	2.2x	13.6x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/30/2022



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Public Comparable Companies

<u>Company Name</u>	<u>Enterprise Value (\$mils)</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>	
Biotechnology									
AbbVie Inc.	\$ 343,858	\$ 161.61	20.4%	19.4%	69.8%	52.2%	5.9x	11.4x	
Bristol-Myers Squibb Company	190,911	71.95	1.2%	15.4%	79.4%	44.8%	4.1x	9.1x	
Amgen Inc.	167,365	262.64	16.5%	16.7%	75.8%	51.3%	6.4x	12.4x	
Vertex Pharmaceuticals Incorporated	65,181	288.78	(0.3%)	31.5%	47.6%	39.0%	7.5x	19.2x	
Regeneron Pharmaceuticals, Inc.	\$ 66,767	\$ 721.49	4.7%	14.2%	61.1%	49.4%	4.9x	9.9x	
Biogen Inc.	40,731	276.92	3.7%	15.4%	77.2%	34.9%	3.9x	11.3x	
IDEXX Laboratories, Inc.	35,193	407.96	25.2%	(38.0%)	59.2%	30.2%	10.5x	34.9x	
BioMarin Pharmaceutical Inc.	19,051	103.49	22.1%	17.1%	76.3%	6.2%	9.5x	NM	
Incyte Corporation	14,934	80.32	20.5%	9.4%	47.0%	20.8%	4.5x	21.5x	
Merit Medical Systems, Inc.	4,255	70.62	25.0%	13.4%	45.2%	19.2%	3.7x	19.5x	
Veracyte, Inc.	1,550	23.73	43.0%	(42.4%)	65.6%	(12.6%)	5.5x	NM	
Mean	\$ 86,345	\$ 224.50	16.6%	6.6%	64.0%	30.5%	6.0x	16.6x	
Median	\$ 40,731	\$ 161.61	20.4%	15.4%	65.6%	34.9%	5.5x	12.4x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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	\$ 9,391	\$ 59.81	32.2%	(8.4%)	37.8%	20.5%	1.8x	8.5x	
Chemed Corporation	7,829	510.43	16.9%	(3.5%)	36.3%	22.0%	3.7x	16.7x	
LHC Group, Inc.	5,959	161.69	(1.2%)	17.8%	38.6%	9.9%	2.6x	26.1x	
Amedisys, Inc.	3,312	83.54	(13.7%)	(48.4%)	44.1%	12.6%	1.5x	11.8x	
Addus HomeCare Corporation	1,693	99.49	4.5%	6.4%	31.8%	11.2%	1.8x	16.3x	
Mean	\$ 5,637	\$ 182.99	7.7%	(7.2%)	37.7%	15.3%	2.3x	15.9x	
Median	\$ 5,959	\$ 99.49	4.5%	(3.5%)	37.8%	12.6%	1.8x	16.3x	
Managed Healthcare									
UnitedHealth Group Incorporated	\$ 513,470	\$ 530.18	5.0%	5.6%	24.6%	9.8%	1.6x	16.8x	
Elevance Health Inc.	137,645	512.97	12.9%	10.7%	25.7%	6.8%	0.9x	13.2x	
Cigna Corporation	126,396	331.34	19.4%	44.3%	12.8%	5.6%	0.7x	12.5x	
Humana Inc.	62,182	512.19	5.6%	10.4%	18.5%	5.0%	0.7x	13.5x	
Centene Corporation	\$ 53,238	\$ 82.01	5.4%	(0.5%)	18.5%	5.3%	0.4x	7.6x	
Molina Healthcare, Inc.	17,435	330.22	0.1%	3.8%	12.4%	4.9%	0.6x	11.8x	
Mean	\$ 151,728	\$ 383.15	8.1%	12.4%	18.7%	6.2%	0.8x	12.6x	
Median	\$ 94,289	\$ 421.77	5.5%	8.0%	18.5%	5.4%	0.7x	12.8x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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	
Medical Equipment									
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	

Medical/Surgical Supplies									
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



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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	
Medical Equipment									
Johnson & Johnson	\$ 459,797	\$ 176.65	8.1%	3.3%	67.5%	33.6%	4.8x	14.2x	
Danaher Corporation	209,989	265.42	2.8%	(19.3%)	60.8%	35.9%	6.7x	18.7x	
Abbott Laboratories	198,309	109.79	13.5%	(22.0%)	58.2%	31.2%	4.4x	14.1x	
Medtronic plc	118,727	77.72	(3.8%)	(24.9%)	67.5%	29.9%	3.9x	12.9x	
Stryker Corporation	104,249	244.49	20.7%	(8.6%)	63.9%	25.6%	5.8x	22.7x	
Boston Scientific Corporation	74,869	46.27	19.5%	8.9%	69.4%	27.0%	6.0x	22.1x	
Baxter International Inc.	41,024	50.97	(5.4%)	(40.6%)	38.5%	21.2%	2.8x	13.1x	
Teleflex Incorporated	13,091	249.63	23.9%	(24.0%)	54.7%	28.0%	4.7x	16.7x	
Mean	\$ 152,507	\$ 152.62	9.9%	(15.9%)	60.1%	29.1%	4.9x	16.8x	
Median	\$ 111,488	\$ 143.22	10.8%	(20.7%)	62.4%	29.0%	4.7x	15.5x	
Medical/Surgical Supplies									
McKesson Corporation	\$ 58,100	\$ 375.12	10.4%	50.9%	4.7%	1.6%	0.2x	13.2x	
AmerisourceBergen Corporation	37,106	165.71	22.4%	24.7%	3.5%	1.6%	0.2x	9.9x	
Cardinal Health, Inc.	21,926	76.87	15.3%	49.3%	3.5%	1.3%	0.1x	9.2x	
Henry Schein, Inc.	13,288	79.87	21.4%	3.0%	30.2%	9.6%	1.1x	10.9x	
Owens & Minor, Inc.	4,262	19.53	(19.0%)	(55.1%)	17.8%	6.1%	0.4x	7.1x	
Mean	\$ 26,936	\$ 143.42	10.1%	14.6%	12.0%	4.0%	0.4x	10.1x	
Median	\$ 21,926	\$ 79.87	15.3%	24.7%	4.7%	1.6%	0.2x	9.9x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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	
Retail/Specialty Pharmacy									
CVS Health Corporation	\$ 173,860	\$ 93.19	(2.3%)	(9.7%)	16.9%	7.1%	0.6x	7.8x	
Walgreens Boots Alliance, Inc.	71,279	37.36	19.0%	(28.4%)	20.9%	6.1%	0.5x	7.8x	
Rite Aid Corporation	6,447	3.34	(32.5%)	(77.3%)	19.9%	4.7%	0.3x	5.4x	
Mean	\$ 83,862	\$ 44.63	(5.3%)	(38.4%)	19.3%	6.0%	0.5x	7.0x	
Median	\$ 71,279	\$ 37.36	(2.3%)	(28.4%)	19.9%	6.1%	0.5x	7.8x	
Staffing and Services									
Surgery Partners, Inc.	\$ 8,056	\$ 27.86	(3.0%)	(15.9%)	22.0%	10.1%	0.9x	14.6x	
AMN Healthcare Services, Inc.	5,162	102.82	19.1%	(47.8%)	32.4%	35.0%	3.3x	6.0x	
Pediatrix Medical Group, Inc.	1,931	14.86	(10.0%)	(45.4%)	25.0%	14.3%	1.0x	6.9x	
Cross Country Healthcare, Inc.	1,100	26.57	(6.3%)	(4.3%)	22.6%	11.6%	0.4x	3.4x	
Mean	\$ 4,062	\$ 43.03	(0.1%)	(28.4%)	25.5%	17.8%	1.4x	7.7x	
Median	\$ 3,547	\$ 27.22	(4.7%)	(30.7%)	23.8%	13.0%	1.0x	6.5x	
Healthcare Mean	\$ 75,028	\$ 170.51	9.8%	(8.0%)	38.7%	18.3%	2.9x	13.0x	
Healthcare Median	\$ 22,500	\$ 94.61	10.4%	(3.5%)	37.0%	14.1%	2.1x	12.4x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2022



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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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