



# INDUSTRY UPDATE

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HEALTHCARE  
Q1 2023

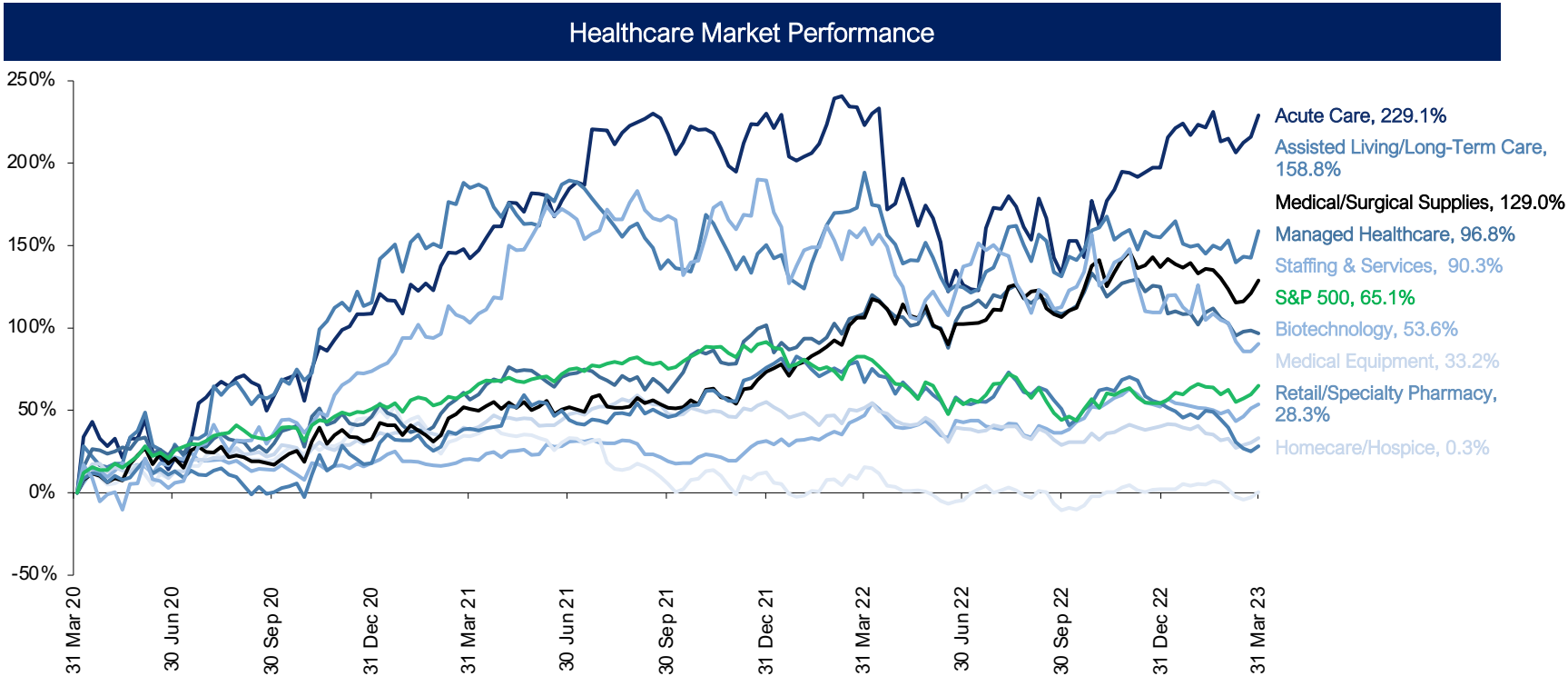


GREENWICH  
CAPITAL GROUP

# GCG Healthcare Update | Q1 2023

## Public Market Performance

Q1 2023 saw modest losses in public equities across the Healthcare landscape compared to the broader equity market. Investors in the healthcare industry are experiencing intensified competition for investment opportunities, increased interest rates from the Fed, a surge in labor costs, stricter lending conditions, and more recently, uncertainties resulting from disruptions in the banking sector. Over a 3-year period ending March 31, 2023, the S&P 500 has returned 65.1%. Acute Care has been the strongest performing sector over the last 3 years, recording a gain of 229.1%. Assisted Living and Medical Supply companies have also realized strong gains, posting a 3-year increase of 158.8% and 129.0%, respectively, significantly outpacing the broader equity market.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 3/31/2023



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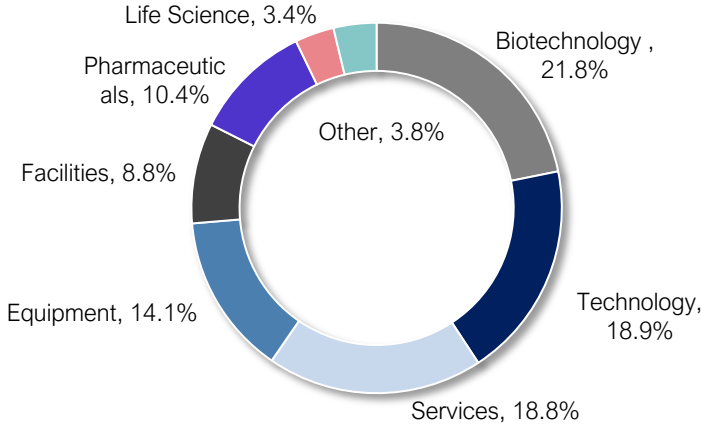
## Middle-Market M&A Activity

Q1 2023 middle-market M&A deal volume and average deal value declined from Q4 2022. The healthcare industry is experiencing labor market challenges and wage increases have impacted profitability. Ongoing economic uncertainty has caused buyers to become hesitant in new large platform investments and are instead turning towards smaller add-ons for current platforms.

Strategic buyers continue to comprise a majority of the overall deal activity, representing 75.5% of total transaction volume in the quarter.

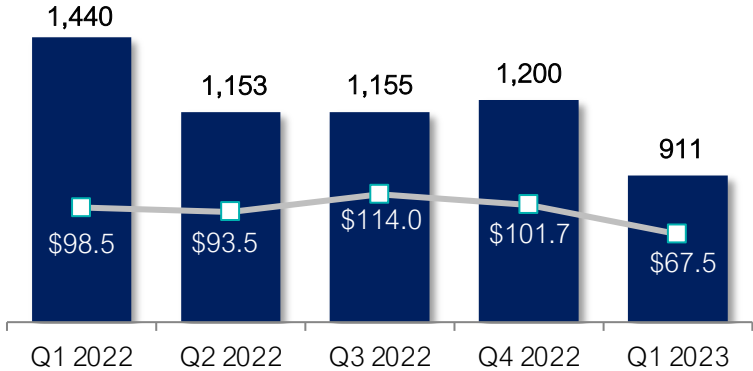
The Biotechnology category led transaction activity, accounting for 21.8% of total Healthcare volume. Healthcare Technology and Healthcare Services sectors were also strong in Q1 with 18.9% and 18.8% of transaction volume, respectively.

### Q1 2023 M&A Activity by Healthcare Sector



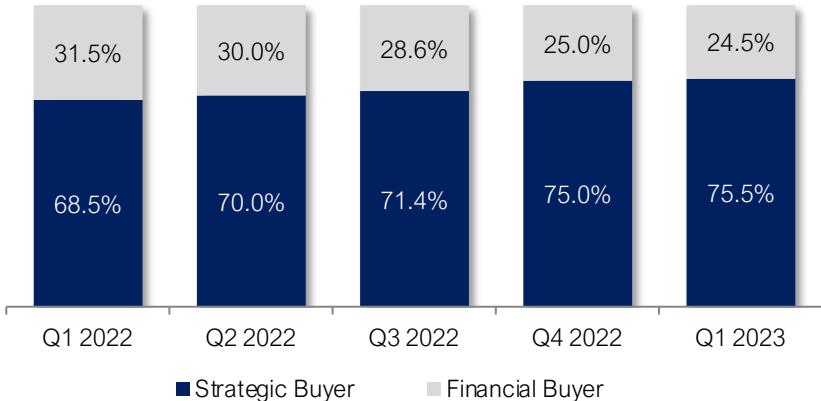
Source: S&P Capital IQ, Kearney  
 Note: All values based on publicly available data as of 3/31/2023.

### Q1 2023 Healthcare M&A Activity\*



■ Number of Transactions □ Average Deal Value (\$mm)  
 \*Average Deal Value is based on reported deal values only

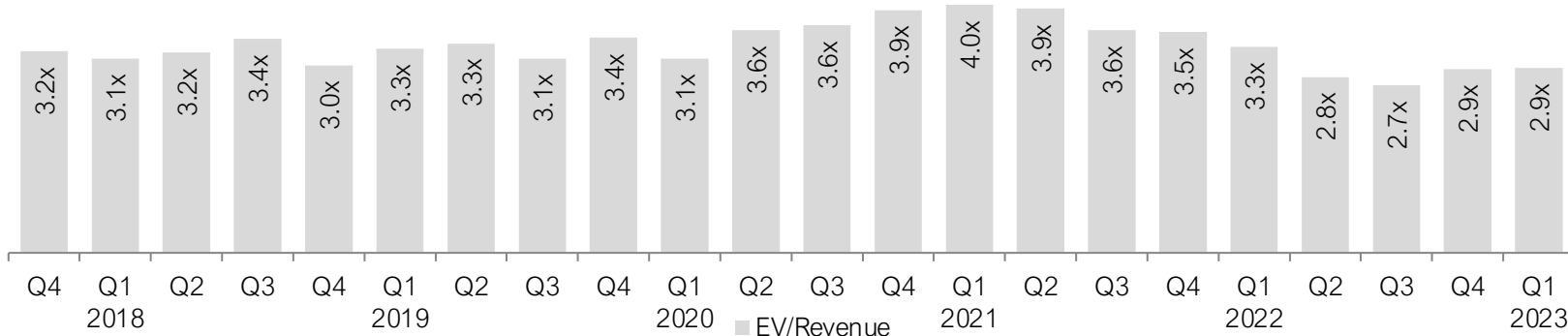
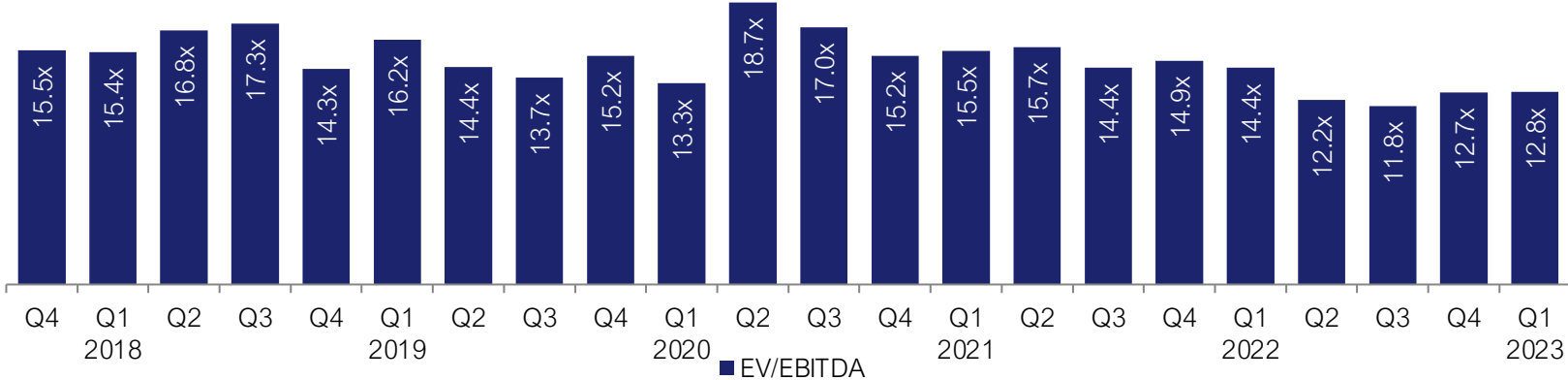
### Q1 2023 M&A Activity by Buyer Type



# GCG Healthcare Update | Q1 2023

## 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 12.8x EBITDA and 2.9x revenue in Q1 2023. Additionally, two of the strongest sectors in the Healthcare industry were Biotechnology and Medical Equipment sectors with an average multiple of 17.2x and 17.1x EBITDA, respectively.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 3/31/2023



# GCG Healthcare Update | Q1 2023

## 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>	
<b>Acute-Care</b>									
HCA Healthcare, Inc.	\$ 115,000	\$ 263.68	9.9%	5.2%	38.7%	21.8%	1.9x	8.8x	
Tenet Healthcare Corporation	25,017	59.42	21.8%	(30.9%)	37.5%	20.4%	1.3x	6.3x	
Community Health Systems, Inc.	13,546	4.90	13.4%	(58.7%)	40.2%	12.3%	1.1x	9.0x	
Select Medical Holdings Corporation	8,615	25.85	4.1%	7.8%	17.3%	15.2%	1.4x	8.9x	
Mean	\$ 40,545	\$ 88.46	12.3%	(19.2%)	33.4%	17.4%	1.4x	8.3x	
Median	\$ 19,281	\$ 42.64	11.7%	(12.8%)	38.1%	17.8%	1.3x	8.9x	
<b>Assisted Living/Long-Term Care</b>									
Brookdale Senior Living Inc.	\$ 4,998	\$ 2.95	8.1%	(58.2%)	25.0%	13.5%	1.8x	13.5x	
The Ensign Group, Inc.	6,581	95.54	1.0%	6.1%	17.7%	17.5%	2.2x	12.5x	
Sonida Senior Living, Inc.	743	6.79	(45.7%)	(79.5%)	18.9%	4.5%	3.5x	NM	
Mean	\$ 4,107	\$ 35.09	(12.2%)	(43.8%)	20.5%	11.8%	2.5x	13.0x	
Median	\$ 4,998	\$ 6.79	1.0%	(58.2%)	18.9%	13.5%	2.2x	13.0x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



# GCG Healthcare Update | Q1 2023

## 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.	\$ 336,538	\$ 159.37	(1.4%)	(1.7%)	71.5%	54.1%	5.8x	10.7x	
Bristol-Myers Squibb Company	177,404	69.31	(3.7%)	(5.1%)	78.8%	44.1%	3.8x	8.7x	
Amgen Inc.	159,424	241.75	(8.0%)	(0.0%)	75.7%	51.9%	6.1x	11.7x	
Vertex Pharmaceuticals Incorporated	71,123	315.07	9.1%	20.7%	59.6%	51.1%	8.0x	15.6x	
Regeneron Pharmaceuticals, Inc.	76,060	821.67	13.9%	17.6%	57.7%	43.8%	6.2x	14.3x	
Biogen Inc.	41,275	278.03	0.4%	32.0%	77.6%	35.7%	4.1x	11.4x	
IDEXX Laboratories, Inc.	42,816	500.08	22.6%	(8.6%)	59.5%	30.9%	12.7x	41.2x	
BioMarin Pharmaceutical Inc.	17,966	97.24	(6.0%)	26.1%	76.9%	7.7%	8.6x	NM	
Incyte Corporation	12,930	72.27	(10.0%)	(9.0%)	46.9%	19.9%	3.8x	19.1x	
Merit Medical Systems, Inc.	4,449	73.95	4.7%	11.2%	45.1%	17.2%	3.9x	22.5x	
Veracyte, Inc.	1,446	22.30	(6.0%)	(19.1%)	65.7%	(2.0%)	4.9x	NM	
Mean	\$ 85,585	\$ 241.00	1.4%	5.8%	65.0%	32.2%	6.2x	17.2x	
Median	\$ 42,816	\$ 159.37	(1.4%)	(0.0%)	65.7%	35.7%	5.8x	14.3x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



# GCG Healthcare Update | Q1 2023

## 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	\$ 8,917	\$ 54.10	(9.5%)	(23.9%)	40.3%	21.4%	2.1x	9.6x	
Chemed Corporation	8,211	537.75	5.4%	6.2%	35.8%	21.6%	3.8x	17.8x	
Amedisys, Inc.	2,946	73.55	(12.0%)	(57.3%)	43.3%	11.5%	1.3x	11.5x	
Addus HomeCare Corporation	1,797	106.76	7.3%	14.4%	31.5%	10.6%	1.9x	17.8x	
Mean	\$ 5,468	\$ 193.04	(2.2%)	(15.2%)	37.7%	16.3%	2.3x	14.2x	
Median	\$ 5,579	\$ 90.16	(2.1%)	(8.9%)	38.1%	16.4%	2.0x	14.7x	

<b>Managed Healthcare</b>									
UnitedHealth Group Incorporated	\$ 488,517	\$ 472.59	(10.9%)	(7.3%)	24.8%	10.0%	1.5x	15.2x	
Elevance Health, Inc.	126,844	459.81	(10.4%)	(6.4%)	25.9%	6.5%	0.8x	12.8x	
The Cigna Group	101,609	255.53	(22.9%)	6.6%	12.8%	5.6%	0.6x	10.2x	
Humana Inc.	67,700	485.46	(5.2%)	11.6%	18.5%	5.2%	0.7x	14.0x	
Centene Corporation	44,249	63.21	(22.9%)	(24.9%)	18.0%	4.7%	0.3x	7.0x	
Molina Healthcare, Inc.	14,111	267.49	(19.0%)	(19.8%)	12.6%	5.0%	0.5x	9.2x	
Mean	\$ 140,505	\$ 334.02	(15.2%)	(6.7%)	18.8%	6.1%	0.7x	11.4x	
Median	\$ 84,655	\$ 363.65	(14.9%)	(6.9%)	18.2%	5.4%	0.6x	11.5x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



# GCG Healthcare Update | Q1 2023

## 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>	
<b>Medical Equipment</b>									
Johnson & Johnson	\$ 422,547	\$ 155.00	(12.3%)	(12.5%)	67.4%	34.8%	4.5x	12.8x	
Danaher Corporation	200,184	252.04	(5.0%)	(14.1%)	60.2%	35.8%	6.4x	17.8x	
Abbott Laboratories	183,979	101.26	(7.8%)	(14.4%)	55.7%	26.7%	4.4x	14.8x	
Medtronic plc	124,350	80.62	3.7%	(27.3%)	66.7%	28.9%	4.0x	14.0x	
Stryker Corporation	119,743	285.47	16.8%	6.8%	63.1%	25.4%	6.5x	25.6x	
Boston Scientific Corporation	80,325	50.03	8.1%	13.0%	68.4%	25.7%	6.3x	24.6x	
Baxter International Inc.	36,061	40.56	(20.4%)	(47.7%)	39.9%	22.8%	2.4x	10.5x	
Teleflex Incorporated	13,408	253.31	1.5%	(28.6%)	55.5%	28.5%	4.8x	16.8x	
Mean	\$ 147,575	\$ 152.29	(1.9%)	(15.6%)	59.6%	28.6%	4.9x	17.1x	
Median	\$ 122,046	\$ 128.13	(1.8%)	(14.3%)	61.7%	27.6%	4.6x	15.8x	
<b>Medical/Surgical Supplies</b>									
McKesson Corporation	\$ 54,571	\$ 356.05	(5.1%)	16.3%	4.6%	1.9%	0.2x	10.3x	
AmerisourceBergen Corporation	37,837	160.11	(3.4%)	3.5%	3.5%	1.5%	0.2x	10.3x	
Cardinal Health, Inc.	21,061	75.50	(1.8%)	33.2%	3.4%	1.2%	0.1x	8.7x	
Henry Schein, Inc.	13,310	81.54	2.1%	(6.5%)	30.3%	9.9%	1.1x	10.6x	
Owens & Minor, Inc.	3,817	14.55	(25.5%)	(66.9%)	18.3%	5.3%	0.4x	7.3x	
Mean	\$ 26,119	\$ 137.55	(6.7%)	(4.1%)	12.0%	4.0%	0.4x	9.4x	
Median	\$ 21,061	\$ 81.54	(3.4%)	3.5%	4.6%	1.9%	0.2x	10.3x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023





# GCG Healthcare Update | Q1 2023

## 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	
<b>Retail/Specialty Pharmacy</b>									
CVS Health Corporation	\$ 150,731	\$ 74.31	(20.3%)	(26.6%)	16.6%	7.1%	0.5x	6.6x	
Walgreens Boots Alliance, Inc.	74,958	34.58	(7.4%)	(22.8%)	20.3%	5.7%	0.6x	10.0x	
Rite Aid Corporation	6,219	2.24	(32.9%)	(74.4%)	19.9%	4.5%	0.3x	5.5x	
Mean	\$ 77,303	\$ 37.04	(20.2%)	(41.2%)	18.9%	5.8%	0.4x	7.3x	
Median	\$ 74,958	\$ 34.58	(20.3%)	(26.6%)	19.9%	5.7%	0.5x	6.6x	
<b>Staffing and Services</b>									
Surgery Partners, Inc.	\$ 8,282	\$ 34.47	(19.3%)	(20.5%)	22.6%	11.0%	0.8x	14.3x	
AMN Healthcare Services, Inc.	4,203	82.96	23.7%	(37.4%)	32.7%	31.8%	3.3x	5.2x	
Pediatric Medical Group, Inc.	1,843	14.91	0.3%	(36.5%)	23.7%	13.7%	0.9x	6.8x	
Cross Country Healthcare, Inc.	976	22.32	(16.0%)	3.0%	22.4%	10.8%	0.3x	3.2x	
Mean	\$ 3,826	\$ 38.67	(2.8%)	(22.8%)	25.4%	16.8%	1.3x	7.4x	
Median	\$ 3,023	\$ 28.40	(7.8%)	(28.5%)	23.2%	12.4%	0.9x	6.0x	
<b>Healthcare Mean</b>	<b>\$ 73,734</b>	<b>\$ 167.88</b>	<b>(4.0%)</b>	<b>(12.6%)</b>	<b>38.9%</b>	<b>18.6%</b>	<b>3.0x</b>	<b>12.8x</b>	
<b>Healthcare Median</b>	<b>\$ 30,539</b>	<b>\$ 82.25</b>	<b>(4.4%)</b>	<b>(8.0%)</b>	<b>36.6%</b>	<b>13.7%</b>	<b>2.0x</b>	<b>11.4x</b>	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 3/31/2023



# GCG Healthcare Update | Q1 2023

## 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 LLC ("GCG") is a leading investment bank that advises clients including closely-held and family-owned businesses, private equity firms, and public companies. GCG's senior bankers have collectively advised on hundreds of transactions over many years of experience in mergers and acquisitions, with most having backgrounds with large U.S. and global firms. GCG is focused on advising clients in key industry verticals throughout the U.S.

GCG was founded by entrepreneurially minded investment banking professionals focused on building an organization centered around advising clients. We strive to build relationships by representing our clients' long-term interests and earning their trust. In contrast to the practice of pushing transaction responsibilities to junior resources, our philosophy is to deliver personalized, senior-level attention and experience to every GCG engagement. We are proud to offer references that will speak to a differentiated level of service and results. 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).

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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