



# INDUSTRY UPDATE

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HEALTHCARE  
Q3 2023

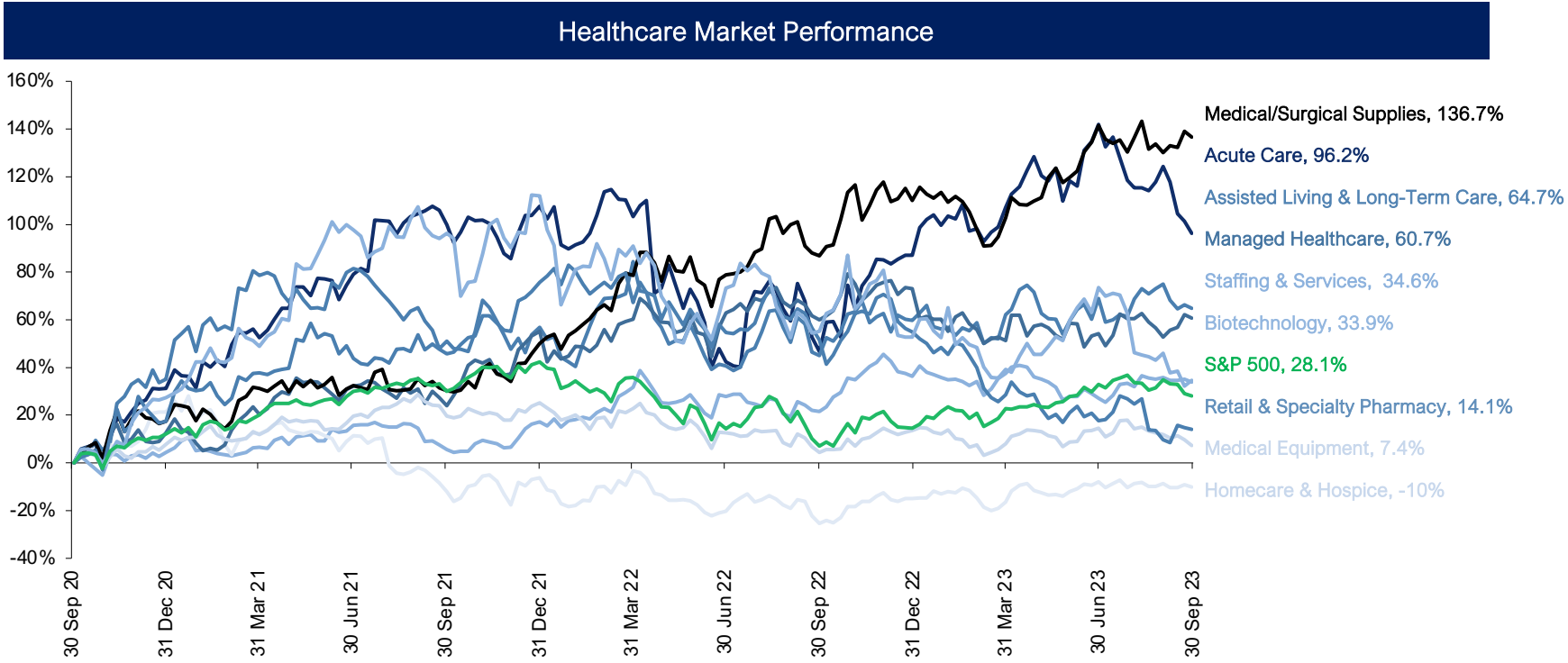


GREENWICH  
CAPITAL GROUP

# GCG Healthcare Update | Q3 2023

## Public Market Performance

Q3 2023 saw a considerable volatility in public equities across the Healthcare landscape in conjunction with the broader economy. Healthcare investors are experiencing intensified competition for investment opportunities, increased interest rates from the Fed, a surge in labor costs, stricter lending conditions, inflation, and a general decline in COVID-related revenues. Over a 3-year period ending September 30<sup>th</sup>, 2023, the S&P 500 has returned 28.1%. Medical/Surgical Supplies has been the strongest performing sector over the last 3 years, recording a gain of 136.7%. Acute Care and Assisted Living & Long-Term Care companies have also realized strong gains, posting a 3-year increase of 96.2% and 64.7%, respectively, significantly outpacing the broader equity market.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 9/30/2023

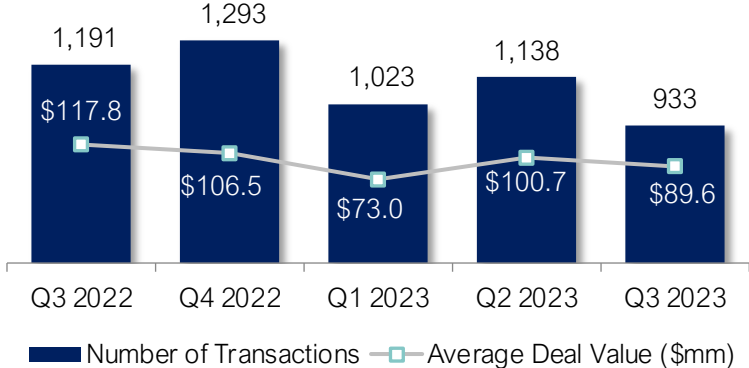


# GCG Healthcare Update | Q3 2023

## Middle Market M&A Activity

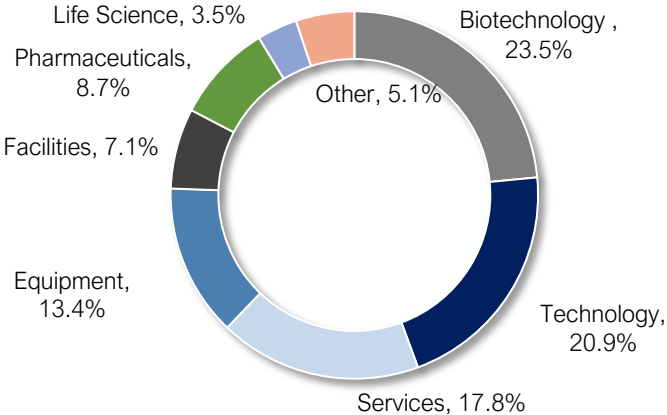
Amid economic headwinds, new transparency laws, and increased FTC/DOJ scrutiny on private equity roll-ups, middle-market M&A deal volume and average deal value declined in Q3 2023. Reportedly, over 1/3 of health system deals cited financial distress as a transaction driver. Given the financial pressure sellers face, partnering with an investor can be an attractive way to offset administrative costs and enhance reimbursements. Overall, strategic buyers continue to comprise most of the deal activity, representing 78.5% of quarterly transaction volume. The Biotechnology category led deal activity, accounting for 23.5% of total Healthcare volume. Healthcare Technology and Healthcare Services sectors were also strong in Q3 with 20.9% and 17.8% of transaction volume, respectively.

### Q3 2023 Healthcare M&A Activity\*



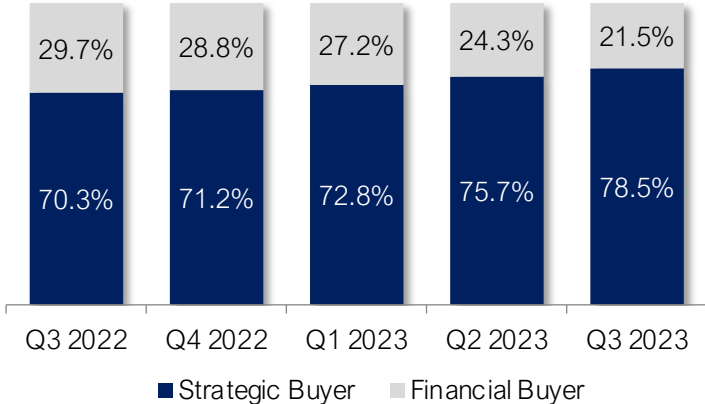
\*Average Deal Value is based on reported deal values only

### Q3 2023 M&A Activity by Healthcare Sector



Source: Bass Berry & Sims, Kaufman Hall, Medical Economics, S&P Capital IQ  
 Note: All values based on publicly available data as of 9/30/2023

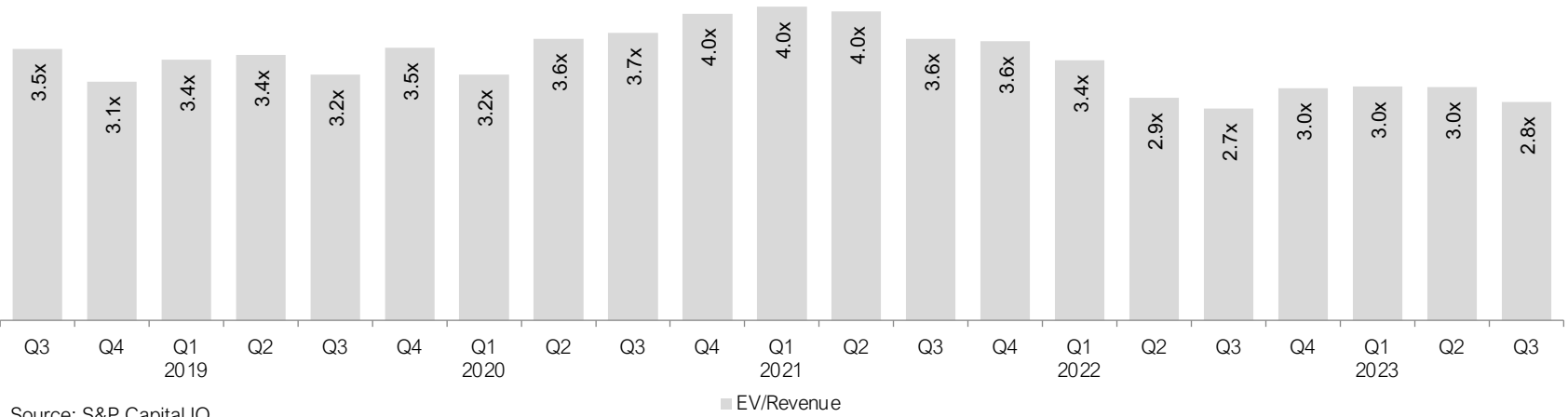
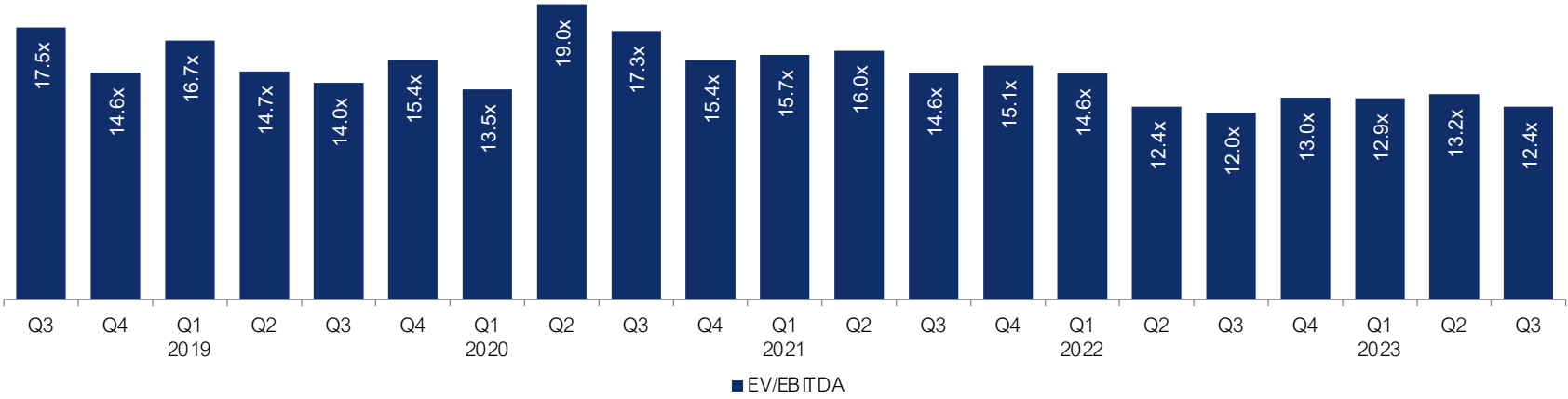
### Q3 2023 M&A Activity by Buyer Type



# GCG Healthcare Update | Q3 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 12.4x EBITDA and 2.8x revenue in Q3 2023. Additionally, two of the strongest sectors in the Healthcare industry were Biotechnology and Medical Equipment sectors with an average multiple of 16.1x and 16.7x EBITDA, respectively.



Source: S&P Capital IQ  
 Note: All values based on publicly available data as of 9/30/2023



# GCG Healthcare Update | Q3 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.	\$ 109,445	\$ 245.98	(18.9%)	33.8%	38.7%	21.4%	1.8x	8.2x		
Tenet Healthcare Corporation	24,462	65.89	(19.0%)	27.7%	37.6%	20.4%	1.2x	6.0x		
Community Health Systems, Inc.	13,402	2.90	(34.1%)	34.9%	40.2%	12.7%	1.1x	8.5x		
Select Medical Holdings Corporation	8,365	25.27	(20.7%)	14.3%	18.8%	16.7%	1.3x	7.7x		
Mean	\$ 38,918	\$ 85.01	(23.2%)	27.7%	33.8%	17.8%	1.3x	7.6x		
Median	\$ 18,932	\$ 45.58	(19.9%)	30.8%	38.2%	18.6%	1.3x	8.0x		
<b>Assisted Living/Long-Term Care</b>										
Brookdale Senior Living Inc.	\$ 5,236	\$ 4.14	(1.9%)	(3.0%)	27.5%	16.6%	1.8x	10.9x		
The Ensign Group, Inc.	6,633	92.93	(2.7%)	16.9%	17.0%	16.6%	2.0x	11.8x		
Sonida Senior Living, Inc.	742	8.99	3.1%	(44.6%)	20.5%	8.6%	3.3x	NM		
Mean	\$ 4,204	\$ 35.35	(0.5%)	(10.3%)	21.6%	14.0%	2.4x	11.3x		
Median	\$ 5,236	\$ 8.99	(1.9%)	(3.0%)	20.5%	16.6%	2.0x	11.3x		

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2023



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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>		
<b>Biotechnology</b>										
AbbVie Inc.	\$ 315,757	\$ 149.06	10.6%	11.1%	70.5%	52.7%	5.6x	10.7x		
Bristol-Myers Squibb Company	151,788	58.04	(9.2%)	(18.4%)	77.6%	42.0%	3.4x	8.0x		
Amgen Inc.	171,056	268.76	21.1%	19.2%	74.3%	53.2%	6.4x	12.1x		
Vertex Pharmaceuticals Incorporated	77,924	347.74	(1.2%)	20.1%	57.8%	49.0%	8.2x	16.7x		
Regeneron Pharmaceuticals, Inc.	\$ 74,647	\$ 822.96	14.5%	19.5%	53.7%	38.0%	5.9x	15.5x		
Biogen Inc.	36,517	257.01	(9.8%)	(3.7%)	76.2%	31.9%	3.7x	11.5x		
IDEXX Laboratories, Inc.	37,322	437.27	(12.9%)	34.2%	60.0%	33.9%	10.6x	31.3x		
BioMarin Pharmaceutical Inc.	16,572	88.48	2.1%	4.4%	47.3%	9.3%	7.4x	NM		
Incyte Corporation	9,562	57.77	(7.2%)	(13.3%)	45.1%	15.2%	2.7x	17.9x		
Merit Medical Systems, Inc.	4,313	69.02	(17.5%)	22.1%	46.3%	17.2%	3.6x	20.9x		
Veracyte, Inc.	1,448	22.33	(12.3%)	34.5%	66.9%	0.2%	4.4x	NM		
Mean	\$ 81,537	\$ 234.40	(2.0%)	11.8%	61.4%	31.1%	5.6x	16.1x		
Median	\$ 37,322	\$ 149.06	(7.2%)	19.2%	60.0%	33.9%	5.6x	15.5x		

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2023



# GCG Healthcare Update | Q3 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>Home Care/Hospice</b>										
Encompass Health Corporation	\$ 10,134	\$ 67.16	(0.8%)	48.5%	41.3%	22.2%	2.2x	10.1x		
Chemed Corporation	7,783	519.70	(4.1%)	19.0%	34.5%	19.5%	3.5x	18.3x		
Amedisys, Inc.	3,493	93.40	2.1%	(3.5%)	44.3%	12.4%	1.6x	14.0x		
Addus HomeCare Corporation	1,412	85.19	(8.1%)	(10.6%)	31.5%	11.0%	1.4x	13.0x		
Mean	\$ 5,706	\$ 191.36	(2.7%)	13.4%	37.9%	16.3%	2.1x	13.9x		
Median	\$ 5,638	\$ 89.30	(2.4%)	7.8%	37.9%	16.0%	1.9x	13.5x		

<b>Managed Healthcare</b>										
UnitedHealth Group Incorporated	\$ 500,613	\$ 504.19	4.9%	(0.2%)	25.0%	10.0%	1.4x	14.5x		
Elevance Health, Inc.	118,741	435.42	(2.0%)	(4.1%)	26.5%	6.5%	0.7x	11.0x		
The Cigna Group	107,900	286.07	1.9%	3.1%	12.6%	5.3%	0.6x	10.9x		
Humana Inc.	56,327	486.52	8.8%	0.3%	18.1%	5.4%	0.6x	10.5x		
Centene Corporation	\$ 41,596	\$ 68.88	2.1%	(11.5%)	16.7%	4.9%	0.3x	6.2x		
Molina Healthcare, Inc.	16,587	327.89	8.8%	(0.6%)	13.1%	5.4%	0.5x	9.7x		
Mean	\$ 140,294	\$ 351.50	4.1%	(2.2%)	18.7%	6.2%	0.7x	10.5x		
Median	\$ 82,114	\$ 381.66	3.5%	(0.4%)	17.4%	5.4%	0.6x	10.7x		

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2023



# GCG Healthcare Update | Q3 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>Medical Equipment</b>										
Johnson & Johnson	\$ 393,398	\$ 155.75	(5.9%)	(4.7%)	67.5%	35.4%	4.0x	11.4x		
Danaher Corporation	195,593	248.10	3.4%	(3.9%)	59.1%	33.4%	6.4x	19.3x		
Abbott Laboratories	177,132	96.85	(11.2%)	0.1%	55.4%	25.5%	4.4x	17.3x		
Medtronic plc	121,504	78.36	(11.1%)	(3.0%)	66.0%	27.3%	3.9x	14.1x		
Stryker Corporation	115,739	273.27	(10.4%)	34.9%	63.1%	25.4%	5.9x	23.4x		
Boston Scientific Corporation	86,598	52.80	(2.4%)	36.3%	69.1%	25.9%	6.5x	24.9x		
Baxter International Inc.	34,373	37.74	(17.2%)	(29.9%)	38.8%	21.6%	2.3x	10.5x		
Teleflex Incorporated	10,607	196.41	(18.8%)	(2.5%)	55.7%	28.1%	3.7x	13.0x		
Mean	\$ 141,868	\$ 142.41	(9.2%)	3.4%	59.3%	27.8%	4.6x	16.7x		
Median	\$ 118,621	\$ 126.30	(10.7%)	(2.7%)	61.1%	26.6%	4.2x	15.7x		
<b>Medical/Surgical Supplies</b>										
McKesson Corporation	63,864	434.85	1.8%	27.9%	4.2%	1.8%	0.2x	11.5x		
Cardinal Health, Inc.	22,615	86.82	(8.2%)	30.2%	3.4%	1.3%	0.1x	8.7x		
Henry Schein, Inc.	12,887	74.25	(8.4%)	12.9%	31.0%	8.4%	1.0x	10.4x		
Owens & Minor, Inc.	3,586	16.16	(15.1%)	(32.9%)	19.2%	4.7%	0.4x	7.7x		
Mean	\$ 25,738	\$ 153.02	(7.5%)	9.5%	14.4%	4.1%	0.4x	9.6x		
Median	\$ 17,751	\$ 80.54	(8.3%)	20.4%	11.7%	3.3%	0.3x	9.6x		

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2023





# GCG Healthcare Update | Q3 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	\$ 155,202	\$ 69.82	1.0%	(26.8%)	15.6%	6.3%	0.5x	7.2x	
Walgreens Boots Alliance, Inc.	64,106	22.24	(21.9%)	(29.2%)	19.5%	6.1%	0.5x	8.8x	
UnitedHealth Group Incorporated	500,613	504.19	4.9%	(0.2%)	25.0%	10.0%	1.4x	14.5x	
The Cigna Group	107,900	286.07	1.9%	3.1%	12.6%	5.3%	0.6x	10.9x	
Mean	\$ 206,955	\$ 220.58	(3.5%)	(13.3%)	18.2%	6.9%	0.7x	10.4x	
Median	\$ 131,551	\$ 177.95	1.5%	(13.5%)	17.6%	6.2%	0.5x	9.9x	
<b>Staffing and Services</b>									
Surgery Partners, Inc.	\$ 7,687	\$ 29.25	(21.9%)	(19.6%)	22.7%	13.6%	1.0x	12.9x	
AMN Healthcare Services, Inc.	4,302	85.18	(35.0%)	25.0%	33.3%	24.2%	2.9x	6.7x	
Pediatric Medical Group, Inc.	1,693	12.71	(10.6%)	(23.0%)	22.3%	12.8%	0.8x	6.6x	
Cross Country Healthcare, Inc.	924	24.79	(11.7%)	(12.6%)	22.5%	9.0%	0.4x	4.2x	
Mean	\$ 3,651	\$ 37.98	(19.8%)	(7.6%)	25.2%	14.9%	1.3x	7.6x	
Median	\$ 2,997	\$ 27.02	(16.8%)	(16.1%)	22.6%	13.2%	0.9x	6.7x	
Healthcare Mean	\$ 83,544	\$ 180.93	(6.2%)	4.8%	37.9%	18.4%	2.8x	12.4x	
Healthcare Median	\$ 35,445	\$ 87.65	(6.5%)	0.2%	33.7%	15.2%	1.9x	11.0x	

Source: S&P Capital IQ

Note: All values based on publicly available data as of 9/30/2023



# GCG Healthcare Update | Q3 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).



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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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