



INDUSTRY UPDATE

HEALTHCARE
Q4 2023

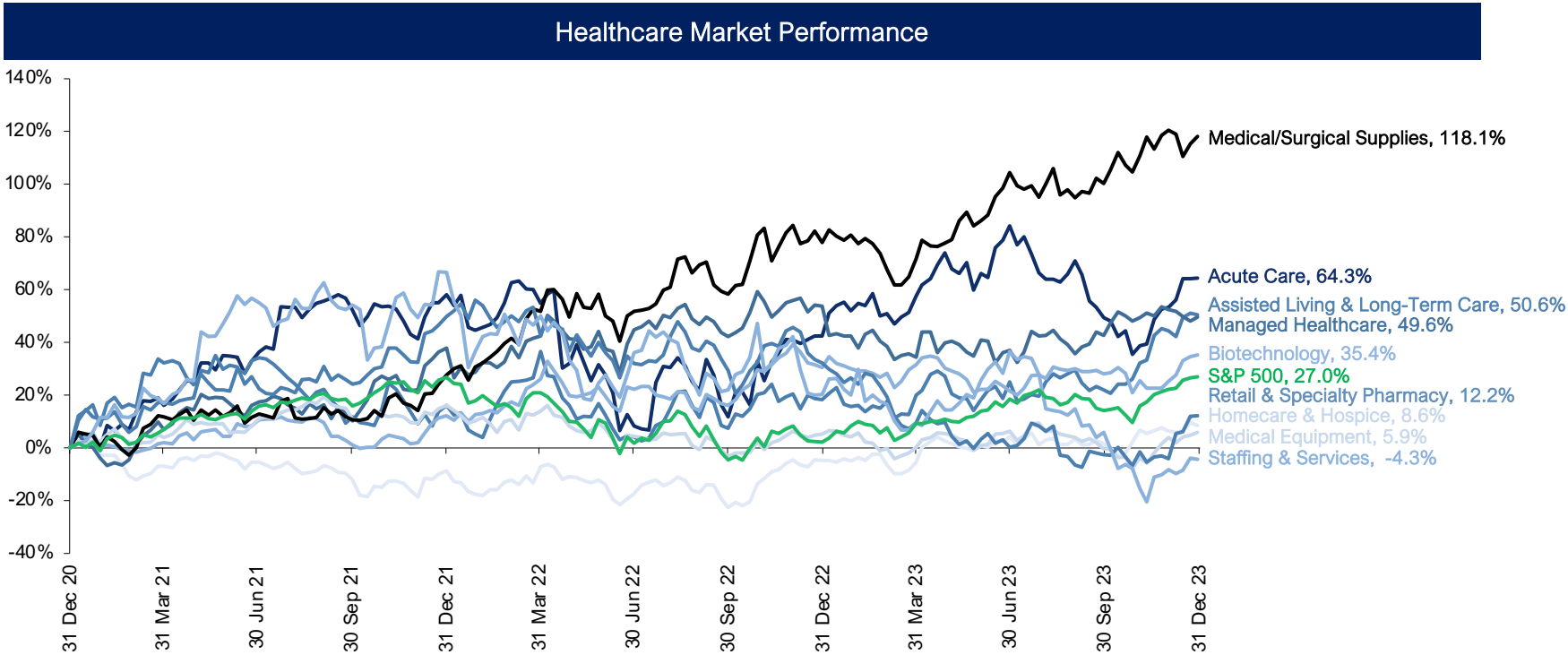


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Public Market Performance

Q4 2023 experienced strong performance in public equities across the Healthcare sector due to a late rally to close out the year amidst an anticipated federal reserve pivot on monetary policy. Healthcare investors were optimistic as potential interest rate cuts, Federal Reserve policy shifts, and emerging technologies continue to dominate market sentiment. While the S&P 500 has returned 27% over the 3-year period ending December 31, 2023, Medical/Surgical Supplies, Acute Care and Assisted Living & Long-Term Care companies have realized outsized gains compared to the S&P 500, posting increases of 118.1%, 64.3 and 50.6%, respectively. Concurrently, Homecare & Hospice and Staffing & Services have trailed the S&P 500, posting returns of 8.6% and -4.3%, respectively, likely driven by the significant labor shortages adversely affecting these sectors relative to the broader market.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2023

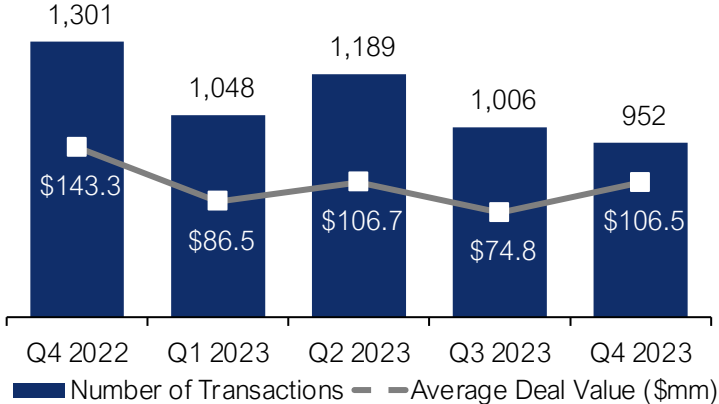


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Middle Market M&A Activity

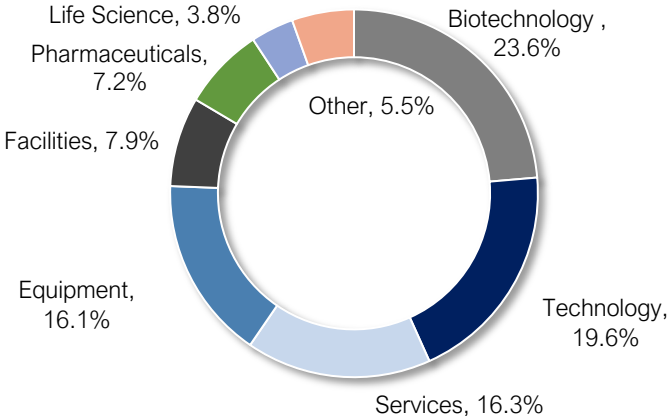
Although deal volume in the healthcare sector continued its overall decline from the last 12 months, the average deal value in Q4 2023 increased significantly from the previous quarter, signaling larger deals are starting to reenter the market. Strategic buyers (including PE backed) continue to comprise most of the deal activity, representing 80% of quarterly transaction volume. The Biotechnology category led deal activity, accounting for 23.6% of total Healthcare volume. Healthcare Technology and Healthcare Services sectors were also strong in Q4 with 19.6% and 16.3% of transaction volume, respectively.

Q4 2023 Healthcare M&A Activity*

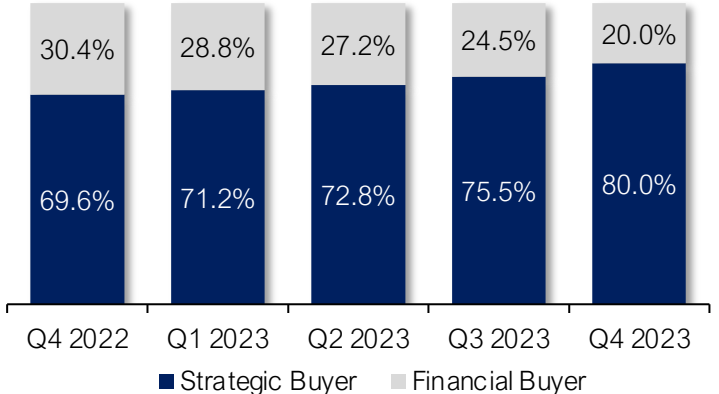


*Average Deal Value is based on reported deal values only

Q4 2023 M&A Activity by Healthcare Sector



Q4 2023 M&A Activity by Buyer Type



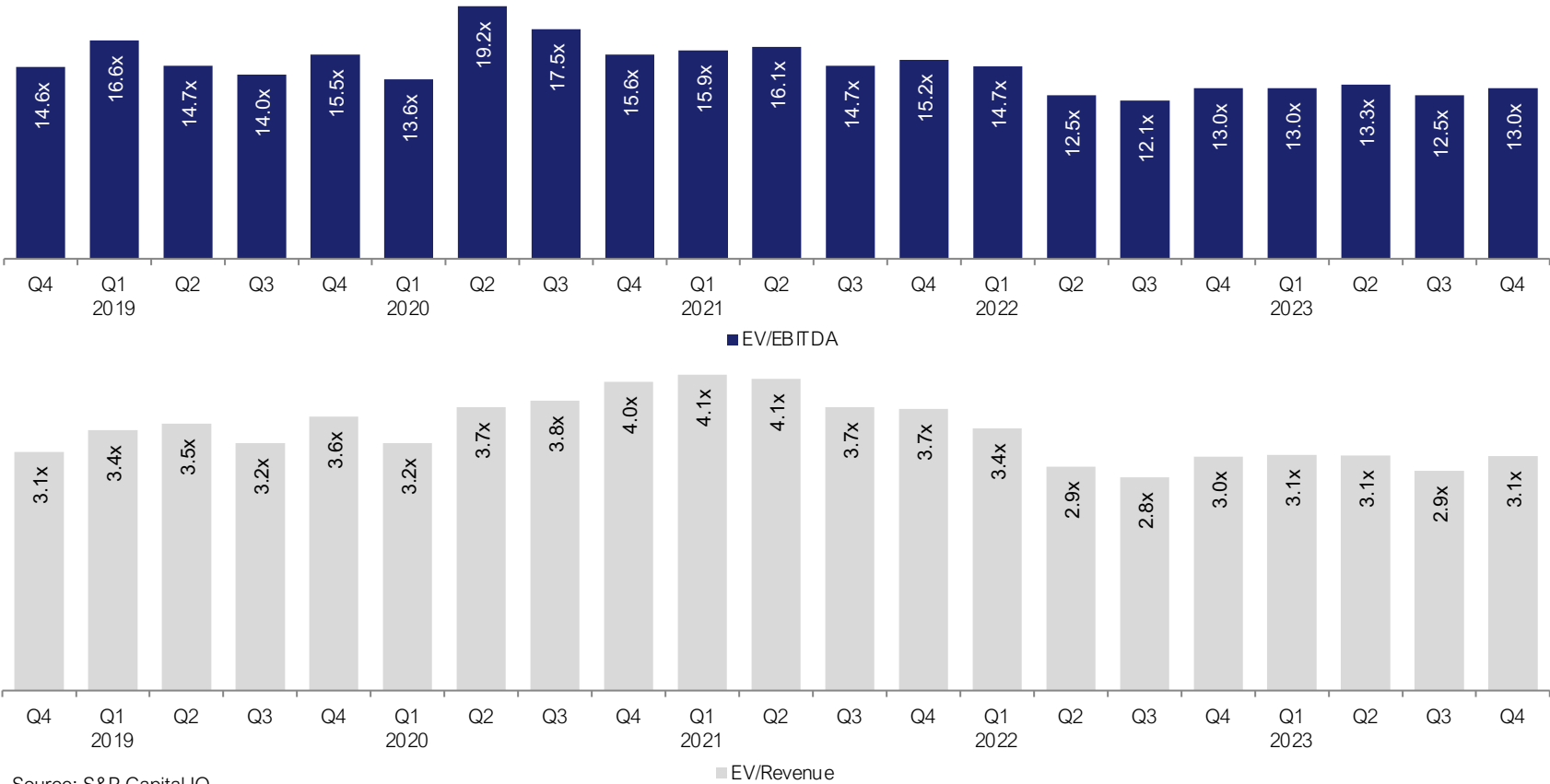
Source: Bass Berry & Sims, Kaufman Hall, Medical Economics, S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2023



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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 3.1x revenue in Q4 2023. Additionally, two of the strongest sectors in the Healthcare industry were Biotechnology and Medical Equipment sectors with average multiples of 17.8x and 17.4x EBITDA, respectively.



Source: S&P Capital IQ
 Note: All values based on publicly available data as of 12/31/2023



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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>		
Acute-Care										
HCA Healthcare, Inc.	\$ 115,412	\$ 270.68	10.0%	12.8%	38.7%	21.0%	1.8x	8.7x		
Tenet Healthcare Corporation	25,379	75.57	14.7%	54.9%	37.2%	20.9%	1.3x	6.0x		
Community Health Systems, Inc.	13,411	3.13	7.9%	(27.5%)	40.6%	13.1%	1.1x	8.2x		
Select Medical Holdings Corporation	8,154	23.50	(7.0%)	(5.4%)	19.3%	17.3%	1.2x	7.2x		
Mean	\$ 40,589	\$ 93.22	6.4%	8.7%	34.0%	18.1%	1.4x	7.5x		
Median	\$ 19,395	\$ 49.54	9.0%	3.7%	37.9%	19.1%	1.2x	7.7x		
Assisted Living/Long-Term Care										
Brookdale Senior Living Inc.	\$ 5,561	\$ 5.82	40.6%	113.2%	28.7%	18.1%	1.9x	10.4x		
The Ensign Group, Inc.	7,694	112.21	20.7%	18.6%	16.7%	16.4%	2.2x	13.2x		
Sonida Senior Living, Inc.	749	9.66	7.5%	(22.7%)	22.2%	9.5%	3.3x	NM		
Mean	\$ 4,668	\$ 42.56	22.9%	36.4%	22.5%	14.7%	2.4x	11.8x		
Median	\$ 5,561	\$ 9.66	20.7%	18.6%	22.2%	16.4%	2.2x	11.8x		

Source: S&P Capital IQ

Note: All values based on publicly available data as of 12/31/2023



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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>	
Biotechnology									
AbbVie Inc.	\$ 321,532	\$ 154.97	4.0%	(4.1%)	69.9%	51.4%	5.8x	11.3x	
Bristol-Myers Squibb Company	135,780	51.31	(11.6%)	(28.7%)	77.0%	41.3%	3.0x	7.3x	
Amgen Inc.	179,869	288.02	7.2%	9.7%	73.7%	51.4%	6.7x	13.1x	
Vertex Pharmaceuticals Incorporated	91,965	406.89	17.0%	40.9%	61.6%	47.7%	9.5x	20.0x	
Regeneron Pharmaceuticals, Inc.	\$ 80,414	\$ 878.29	6.7%	21.7%	53.1%	36.8%	6.1x	16.7x	
Biogen Inc.	42,918	258.77	0.7%	(6.6%)	75.1%	26.3%	4.3x	16.3x	
IDEXX Laboratories, Inc.	46,907	555.05	26.9%	36.1%	59.9%	34.1%	13.1x	38.3x	
BioMarin Pharmaceutical Inc.	18,132	96.42	9.0%	(6.8%)	47.2%	10.2%	7.8x	NM	
Incyte Corporation	10,593	62.79	8.7%	(21.8%)	46.6%	17.6%	2.9x	16.6x	
Merit Medical Systems, Inc.	4,681	75.96	10.1%	7.6%	46.3%	18.4%	3.8x	20.8x	
Veracyte, Inc.	1,821	27.51	23.2%	15.9%	67.8%	3.4%	5.3x	NM	
Mean	\$ 84,965	\$ 259.63	9.3%	5.8%	61.7%	30.8%	6.2x	17.8x	
Median	\$ 46,907	\$ 154.97	8.7%	7.6%	61.6%	34.1%	5.8x	16.6x	

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
Home Care/Hospice										
Encompass Health Corporation	\$	10,143	\$	66.72	(0.7%)	11.6%	41.3%	22.2%	2.2x	9.7x
Chemed Corporation		8,739		584.75	12.5%	14.6%	34.5%	19.5%	3.9x	20.2x
Amedisys, Inc.		3,568		95.06	1.8%	13.8%	44.3%	12.4%	1.6x	12.9x
Addus HomeCare Corporation		1,623		92.85	9.0%	(6.7%)	31.5%	11.0%	1.6x	14.3x
Mean	\$	6,018	\$	209.85	5.7%	8.3%	37.9%	16.3%	2.3x	14.3x
Median	\$	6,154	\$	93.96	5.4%	12.7%	37.9%	16.0%	1.9x	13.6x
Managed Healthcare										
UnitedHealth Group Incorporated	\$	520,885	\$	526.47	4.4%	(0.7%)	25.0%	10.0%	1.4x	14.5x
Elevance Health, Inc.		125,705		471.56	8.3%	(8.1%)	27.0%	6.1%	0.7x	12.1x
The Cigna Group		110,343		299.45	4.7%	(9.6%)	12.8%	5.4%	0.6x	10.8x
Humana Inc.		53,242		457.81	(5.9%)	(10.6%)	17.7%	5.3%	0.5x	9.9x
Centene Corporation	\$	40,681	\$	74.21	7.7%	(9.5%)	16.4%	5.0%	0.3x	5.8x
Molina Healthcare, Inc.		17,877		361.31	10.2%	9.4%	13.2%	5.3%	0.6x	10.3x
Mean	\$	144,789	\$	365.14	4.9%	(4.9%)	18.7%	6.2%	0.7x	10.6x
Median	\$	81,793	\$	409.56	6.2%	(8.8%)	17.1%	5.4%	0.6x	10.5x

Source: S&P Capital IQ

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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	\$ 383,727	\$ 156.74	0.6%	(11.3%)	67.6%	35.8%	3.9x	10.9x	
Danaher Corporation	181,834	231.34	(6.8%)	(12.8%)	58.7%	32.4%	6.2x	19.0x	
Abbott Laboratories	199,953	110.07	13.6%	0.3%	55.2%	25.6%	5.0x	19.6x	
Medtronic plc	127,038	82.38	5.1%	6.0%	65.7%	27.4%	4.0x	14.5x	
Stryker Corporation	125,029	299.46	9.6%	22.5%	63.6%	25.9%	6.3x	24.2x	
Boston Scientific Corporation	93,281	57.81	9.5%	24.9%	69.1%	26.1%	6.8x	25.9x	
Baxter International Inc.	30,819	38.66	2.4%	(24.2%)	38.6%	21.4%	2.0x	9.4x	
Teleflex Incorporated	12,918	249.34	26.9%	(0.1%)	56.0%	28.3%	4.4x	15.4x	
Mean	\$ 144,325	\$ 153.23	7.6%	0.7%	59.3%	27.9%	4.8x	17.4x	
Median	\$ 126,034	\$ 133.41	7.3%	0.1%	61.1%	26.8%	4.7x	17.2x	
Medical/Surgical Supplies									
McKesson Corporation	\$ 66,813	\$ 462.98	6.5%	23.4%	4.2%	1.8%	0.2x	12.4x	
Cardinal Health, Inc.	25,669	100.80	16.1%	31.1%	3.4%	1.3%	0.1x	9.3x	
Henry Schein, Inc.	13,409	75.71	2.0%	(5.2%)	31.0%	10.0%	1.1x	10.6x	
Owens & Minor, Inc.	3,715	19.27	19.2%	(1.3%)	19.2%	4.7%	0.4x	7.8x	
Mean	\$ 27,402	\$ 164.69	10.9%	12.0%	14.4%	4.5%	0.4x	10.0x	
Median	\$ 19,539	\$ 88.26	11.3%	11.0%	11.7%	3.3%	0.3x	9.9x	

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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	
Retail/Specialty Pharmacy									
CVS Health Corporation	\$ 165,694	\$ 78.96	13.1%	(15.3%)	15.3%	6.2%	0.5x	7.7x	
Walgreens Boots Alliance, Inc.	64,798	26.11	17.4%	(30.1%)	18.9%	6.0%	0.5x	7.6x	
Mean	\$ 115,246	\$ 52.54	15.2%	(22.7%)	17.1%	6.1%	0.5x	7.7x	
Median	\$ 115,246	\$ 52.54	15.2%	(22.7%)	17.1%	6.1%	0.5x	7.7x	
Staffing and Services									
Surgery Partners, Inc.	\$ 8,095	\$ 31.99	(12.1%)	(27.2%)	23.5%	15.0%	0.9x	13.2x	
AMN Healthcare Services, Inc.	3,740	74.88	9.4%	14.8%	33.3%	21.4%	3.0x	6.4x	
Pediatrix Medical Group, Inc.	1,353	9.30	(26.8%)	(37.4%)	21.7%	12.4%	0.7x	5.4x	
Cross Country Healthcare, Inc.	787	22.64	(8.7%)	(14.8%)	22.3%	8.0%	0.4x	4.4x	
Mean	\$ 3,494	\$ 34.70	(9.6%)	(16.1%)	25.2%	14.2%	1.2x	7.4x	
Median	\$ 2,546	\$ 27.32	(10.4%)	(21.0%)	22.9%	13.7%	0.8x	5.9x	
Healthcare Mean	\$ 76,358	\$ 185.11	7.5%	3.4%	39.4%	18.8%	3.1x	13.0x	
Healthcare Median	\$ 28,244	\$ 93.96	8.1%	(1.0%)	37.9%	17.3%	2.1x	11.3x	

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 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.



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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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