

INDUSTRY INSIGHTS

Healthcare Services Sector Update

July 2020



Q Highlights

The **S&P Healthcare Services Index** increased by 10.8% over the last month, compared to the S&P 500 Index, which increased 5.0% over the same period.

Over the past month:

The sectors that experienced the most growth were Acute Care Hospitals (up 29.6%), HCIT (up 20.7%) and Healthcare Staffing (up 20.1%).

The sectors that experienced the largest declines were Consumer Directed Health/Wellness (down 3.9%), Care Management/TPA (down 1.6%) and Assisted/Independent Living (down 1.4%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.84x and 10.2x, respectively.

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update .o

Market Sector	No. of Companies	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2020E
			1 mo	12 mo	Rev	EBITDA	LTM	2020E	
Providers									
Acute Care Hospitals	4	\$55,483	29.6%	(6.5%)	1.20x	9.3x	13.0x	14.2x	1.4x
Assisted/Independent Living	3	670	(1.4%)	(51.9%)	1.38x	14.6x	2.7x	NM	NM
Behavioral Health	2	4,529	11.6%	(1.6%)	0.35x	12.2x	20.6x	16.0x	2.4x
Dialysis Services	3	36,728	5.6%	31.2%	1.80x	10.2x	14.1x	13.1x	1.3x
Healthcare Staffing	2	2,824	20.1%	(0.1%)	0.97x	14.2x	28.0x	21.0x	1.4x
Home Health/Hospice	6	24,903	12.0%	44.7%	2.79x	19.1x	30.9x	39.2x	3.1x
Rehabilitation	4	10,587	13.5%	3.5%	2.66x	15.2x	25.2x	20.3x	2.6x
Skilled Nursing	3	3,449	6.1%	(26.0%)	1.21x	13.9x	23.7x	18.1x	1.2x
Providers – Other	3	3,234	16.2%	15.8%	4.39x	13.6x	NM	13.1x	(5.0x)
Payors/Managed Care									
Commercial Managed Care	5	\$473,759	1.3%	15.8%	2.28x	10.0x	15.3x	15.2x	1.2x
Government Managed Care	2	48,763	2.9%	28.4%	0.53x	8.4x	17.5x	14.5x	1.4x
Specialty Managed Care	2	1,062,114	0.0%	(0.0%)	0.48x	7.5x	16.5x	11.9x	NM
Consumer Directed Health/Wellness	5	\$6,878	(3.9%)	(13.2%)	2.69x	17.4x	NM	30.0x	2.5x
HCIT	24	\$82,794	20.7%	92.2%	5.55x	22.2x	33.4x	33.3x	1.9x
Other Outsourced Services									
Care Management/Third-Party Administrator	4	\$8,126	(1.6%)	(9.3%)	1.51x	13.2x	25.9x	18.8x	1.6x
Clinical Laboratories	7	51,448	12.2%	21.6%	5.90x	13.1x	27.6x	18.8x	2.8x
Contract Research Organizations	6	73,431	10.9%	11.3%	3.30x	20.0x	33.4x	26.4x	3.2x
Hospital Vendors	4	7,611	7.7%	27.0%	1.98x	22.2x	24.2x	27.5x	3.1x
Healthcare Consulting	1	1,029	7.8%	(21.7%)	1.52x	13.3x	NM	28.1x	NM
Product									
Distribution	6	\$75,084	5.0%	19.0%	0.67x	11.2x	19.2x	17.2x	3.1x
Healthcare REITS	15	\$80,408	4.1%	(20.2%)	11.32x	17.2x	25.3x	31.3x	NM

Healthcare Services Sector Update

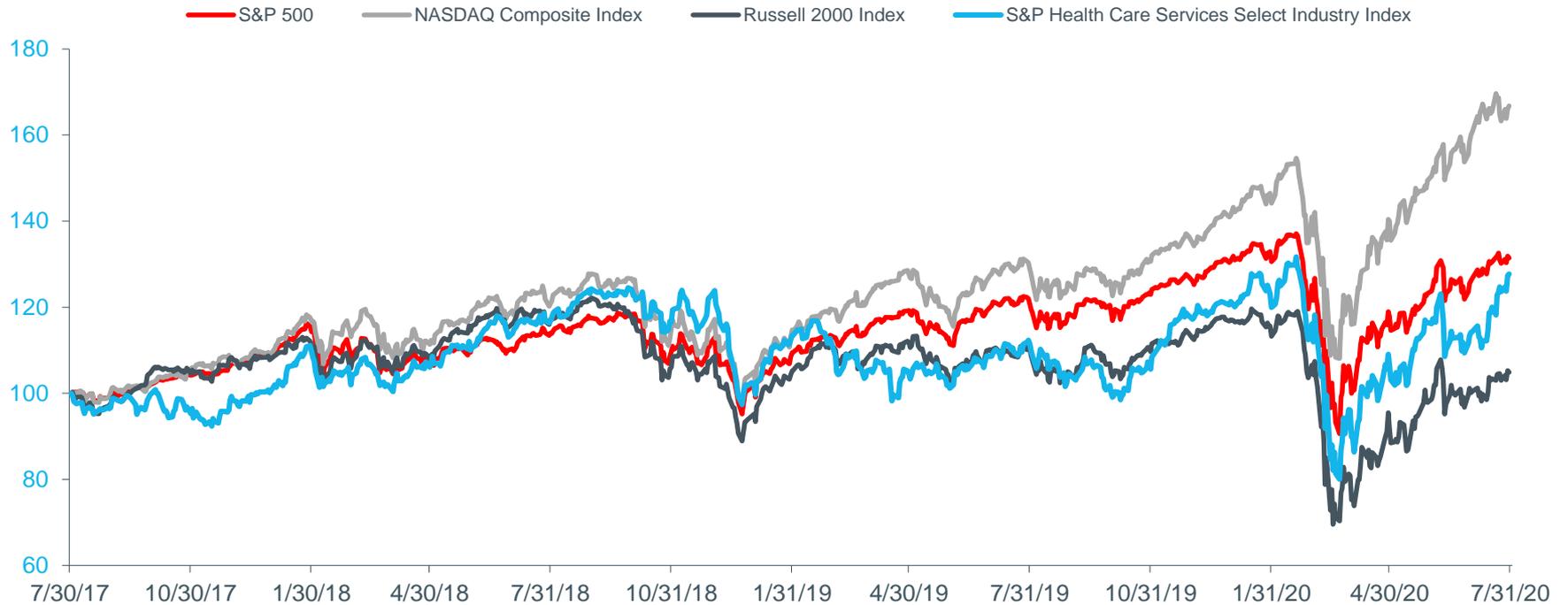
Market Indices	Value at	% Change			
	7/31/2020	1 mo	YTD	12 mo	36 mo
S&P 500	3,271.1	5.0%	1.2%	9.8%	32.4%
NASDAQ Composite Index	10,745.3	5.8%	19.8%	31.4%	69.3%
Russell 2000 Index	1,480.4	3.7%	(11.3%)	(6.0%)	3.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	314.6	23.3%	(15.2%)	(7.4%)	33.4%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,019.1	2.5%	(1.5%)	13.1%	33.7%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,873.5	1.3%	1.7%	16.9%	54.2%
S&P Health Care Services Select Industry Index	11,577.1	10.8%	4.3%	13.6%	26.5%

Interest Rates	Value at	1 mo	3 mo	12 mo
	7/31/2020	ago	ago	ago
LIBOR - USD - 6 months	0.31%	0.38%	0.71%	2.23%
U.S. Treasury - 2 years	0.11%	0.17%	0.20%	1.73%
U.S. Treasury - 5 years	0.21%	0.31%	0.37%	1.68%
U.S. Treasury - 10 years	0.54%	0.68%	0.64%	1.89%
U.S. Treasury - 30 years	1.20%	1.43%	1.28%	2.44%
U.S. Prime Rate	3.25%	3.25%	3.25%	5.25%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Equity Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	37	\$953,548	32.7%	89.8%	10.1%	19.5%	24.7%	64.5%
\$1 billion - \$5 billion	41	92,786	36.3%	8.7%	10.0%	2.7%	10.9%	48.9%
\$250 million - \$1 billion	22	14,312	19.5%	1.3%	12.2%	3.5%	47.1%	1.0%
\$100 million - \$250 million	8	1,501	7.1%	0.1%	9.7%	1.8%	0.8%	48.1%
< \$100 million	5	191	4.4%	0.0%	(2.2%)	(40.6%)	(40.6%)	(49.1%)
Total/Average (\$mn)	113	\$1,062,338	100.0%	100.0%	8.0%	(2.6%)	8.6%	22.7%

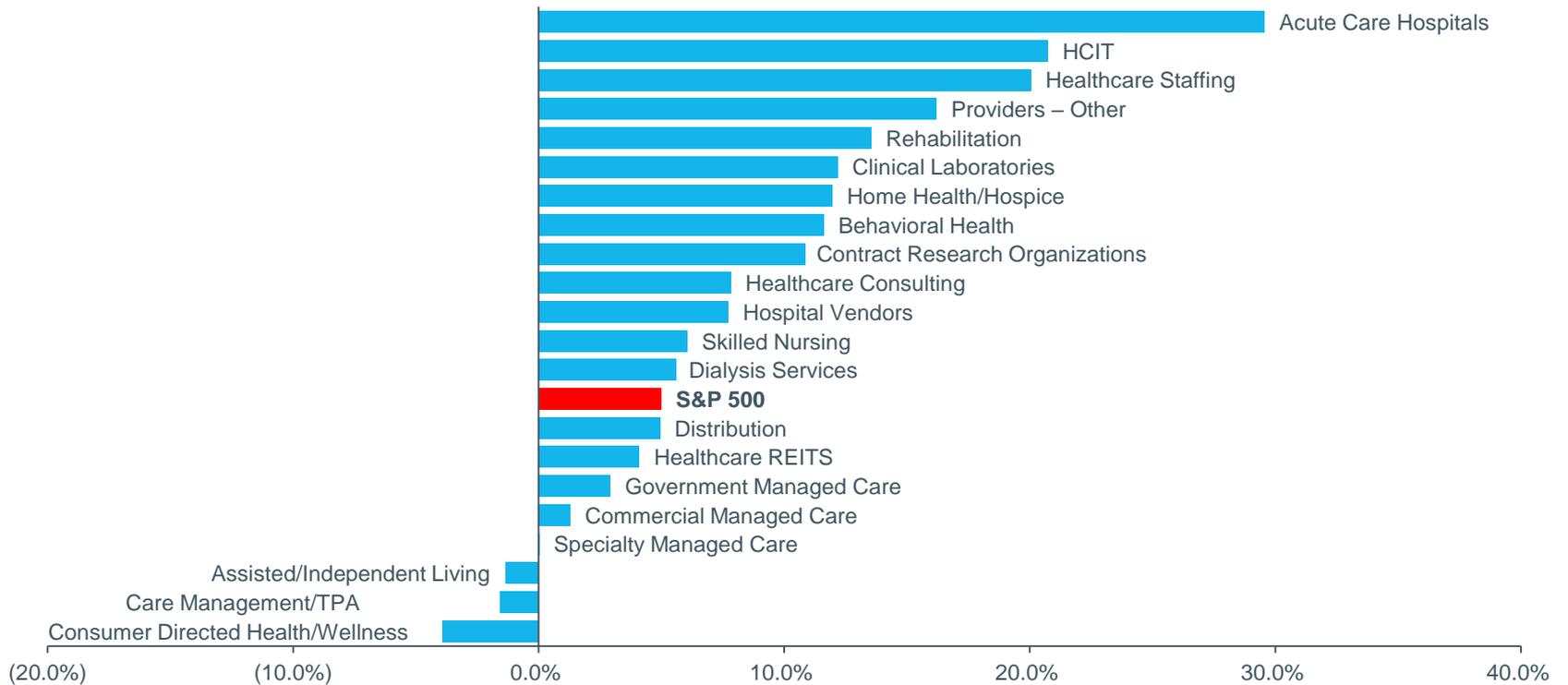
Healthcare Services Market Performance

Performance of Market Indices for Last 36 Months



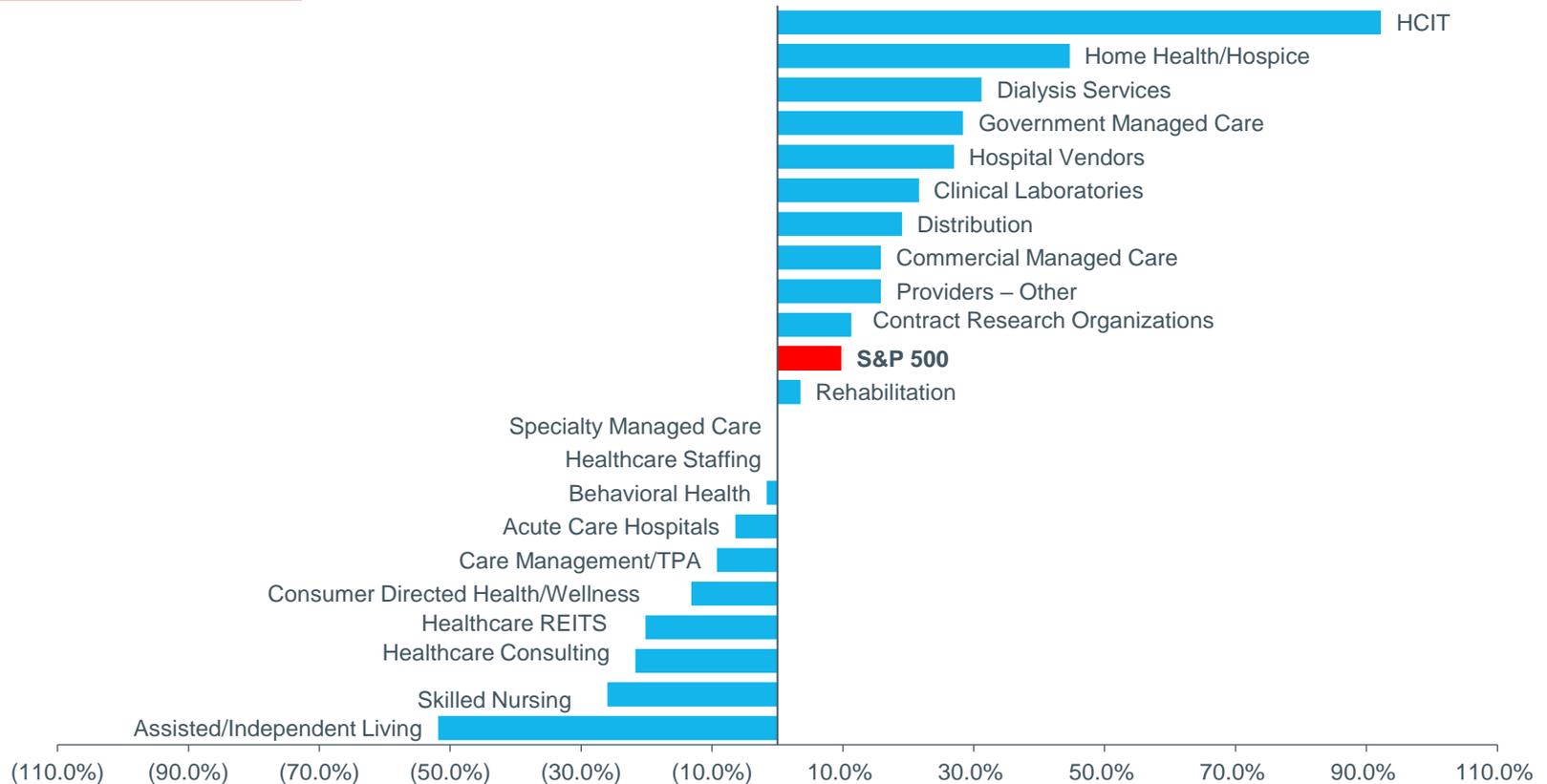
Healthcare Services Sector Change

1 Month % Change



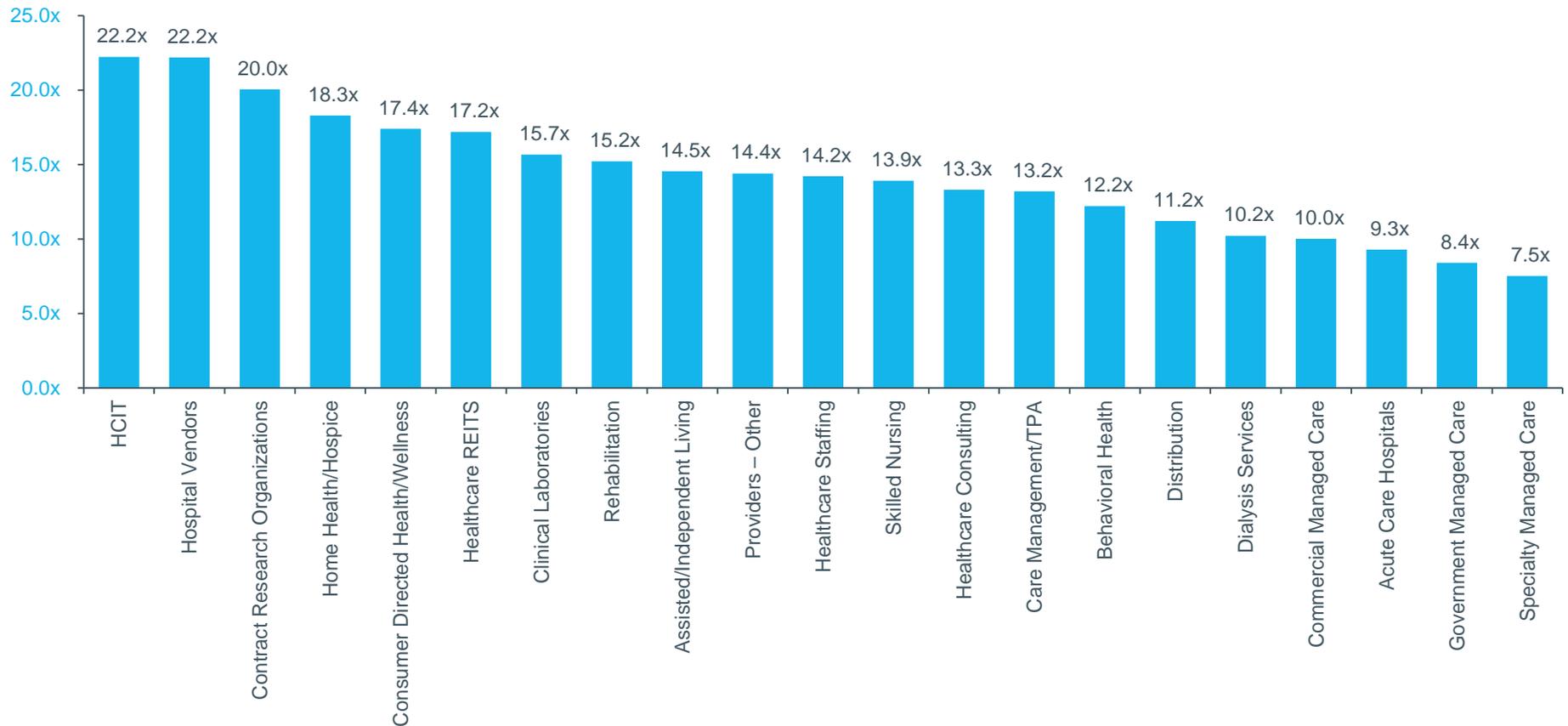
Healthcare Services Sector Change

12 Month % Change



Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



For the detailed July trading multiples for individual healthcare services companies, please contact one of our professionals below.

Brooks Dexter

Managing Director
Head of Healthcare M&A
Los Angeles
+1 424 249 1646
brooks.dexter@duffandphelps.com

Eric Coburn

Managing Director
New York
+1 212 450 2839
eric.coburn@duffandphelps.com

Philip Smith

Managing Director
Minneapolis
+1 612 225 2043
philip.smith@duffandphelps.com

Jordan Lampos

Director
Los Angeles
+1 424 249 1668
jordan.lampos@duffandphelps.com

Priyanka Sharma

Director
New York
+1 212 871 2542
priyanka.sharma@duffandphelps.com

Peter Machmeier

Vice President
Minneapolis
+1 612 225 2045
peter.machmeier@duffandphelps.com

Cray Yoo

Vice President
Los Angeles
+1 424 363 0017
cray.yoo@duffandphelps.com

About Duff & Phelps

Duff & Phelps is the world's premier provider of governance, risk and transparency solutions. We work with clients across diverse sectors in the areas of valuation, corporate finance, disputes and investigations, cyber security, claims administration and regulatory compliance. With Kroll, the leading global provider of risk solutions, and Prime Clerk, the leader in complex business services and claims administration, our firm has nearly 4,000 professionals in 25 countries around the world. For more information, visit www.duffandphelps.com.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as soliciting or offering, any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Duff & Phelps does not guarantee the accuracy or reliability of any data provided from third party resources. Although we endeavor to provide accurate information from third party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.