

INDUSTRY INSIGHTS

Healthcare Services Sector Update

APRIL 2019



Q Highlights

The **S&P Healthcare Services** Index declined 0.8% over the last month, as compared to the S&P 500, which increased 3.9% over the same period.

Over the past month:

The sectors experiencing the most growth were HCIT (up 10.5%) , Healthcare Staffing (up 9.6%) and Healthcare Consulting (up 9.2%)

The sectors experiencing the most decline were Assisted / Independent Living (down 5.7%), Commercial Managed Care (5.3%) and Contract Research Orgs (4.5%)

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.25x and 14.4x respectively

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update ..

Market Sector	# of Co's	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio
			1 mo	12 mo	Rev	EBITDA	LTM	2019E	
Providers									
Acute Care Hospitals	4	\$57,913	(3.8%)	26.6%	1.34x	9.0x	13.6x	11.6x	0.9x
Assisted / Independent Living	3	1,310	(5.7%)	(20.2%)	1.34x	14.4x	NM	NM	NM
Behavioral Health	3	4,555	7.9%	(13.1%)	0.76x	14.3x	NM	21.9x	2.1x
Dialysis Services	3	34,845	3.7%	(11.8%)	1.60x	8.6x	15.5x	14.2x	(0.3x)
Healthcare Staffing	2	2,695	9.6%	(24.2%)	0.87x	13.4x	17.9x	17.8x	1.3x
Home Health / Hospice	5	14,538	2.2%	41.4%	1.97x	19.3x	39.5x	28.1x	2.0x
Rehabilitation	4	10,038	8.9%	7.2%	3.60x	14.3x	17.4x	23.7x	1.9x
Skilled Nursing	4	4,073	(0.1%)	63.2%	0.88x	10.2x	24.9x	23.4x	1.6x
Providers - Other	3	3,556	1.0%	(32.9%)	1.65x	11.2x	13.9x	18.6x	1.8x
Total / Average	31	\$133,522	2.6%	4.0%	1.56x	12.7x	20.4x	19.9x	1.4x
Payors / Managed Care									
Commercial Managed Care	4	\$384,602	(5.3%)	(1.2%)	0.99x	12.7x	17.9x	13.4x	1.0x
Government Managed Care	3	42,424	(4.4%)	16.1%	0.43x	8.4x	18.8x	14.2x	1.0x
Specialty Managed Care	2	6,381	0.1%	0.5%	0.52x	10.8x	23.9x	11.4x	1.2x
Total / Average	9	\$433,406	(5.2%)	0.5%	0.64x	10.6x	20.2x	13.0x	1.1x
Consumer Directed Health / Wellness									
HCIT	20	\$51,390	10.5%	25.0%	4.18x	32.0x	33.0x	32.9x	2.3x
Other Outsourced Services									
Care Management / TPA	5	\$8,434	2.1%	49.6%	1.64x	16.2x	21.4x	22.3x	1.7x
Clinical Laboratories	6	39,552	5.2%	15.5%	4.23x	11.3x	19.0x	16.7x	2.4x
Contract Research Orgs	5	52,752	(4.5%)	34.4%	2.81x	16.4x	31.8x	19.6x	1.6x
Hospital Vendors	4	7,877	5.7%	(4.4%)	1.71x	17.8x	21.9x	18.4x	1.4x
Healthcare Consulting	2	1,947	9.2%	18.8%	1.54x	14.6x	47.8x	22.6x	1.6x
Total / Average	22	\$110,562	0.4%	25.7%	2.39x	15.3x	28.4x	19.9x	1.7x
Product									
Distribution	6	\$65,004	0.4%	(20.7%)	0.33x	9.2x	19.5x	11.2x	1.7x
Pharmacy Management	2	664	(4.0%)	(56.7%)	0.67x	14.9x	NM	16.8x	0.7x
Total / Average	8	\$65,668	(1.8%)	(38.7%)	0.50x	12.1x	19.5x	14.0x	1.2x
Healthcare REITS									
Total / Average (\$MM)	112	\$913,371	1.6%	6.6%	2.25x	14.4x	22.6x	20.8x	1.5x

Healthcare Services Sector Update ..

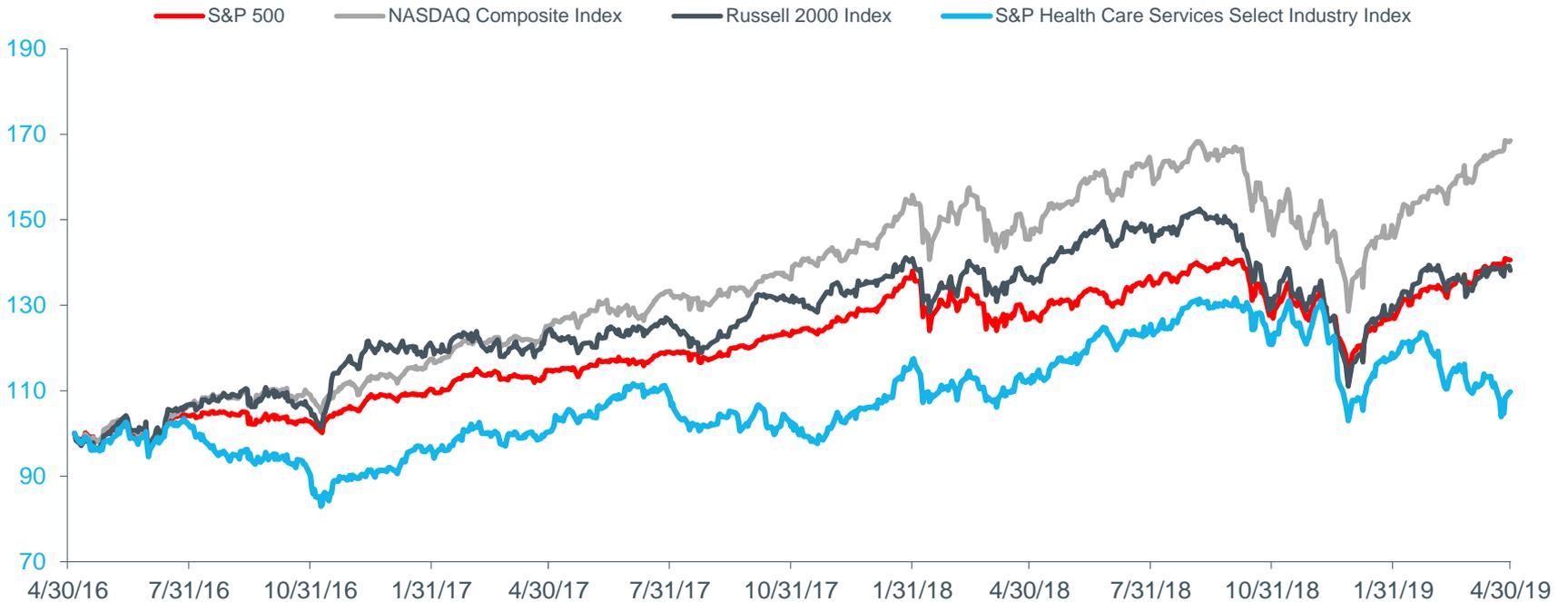
Market Indices	Value at	% Change			
	4/30/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,945.8	3.9%	17.5%	11.2%	42.6%
NA SDAQ Composite Index	8,095.4	4.7%	22.0%	14.6%	69.5%
Russell 2000 Index	1,591.2	3.3%	18.0%	3.2%	40.7%
S&P Composite 1500 Health Care Facilities (Sub Ind)	316.9	(1.6%)	6.2%	20.3%	29.3%
S&P Composite 1500 Health Care Providers & Services (Industry)	839.9	(3.1%)	(4.6%)	(2.9%)	31.2%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,476.4	(5.9%)	(4.9%)	0.6%	68.4%
S&P Health Care Services Select Industry Index	9,547.6	(0.8%)	1.9%	(1.6%)	10.6%

Interest Rates	Value at	1 mo	3 mo	12 mo
	4/30/2019	ago	ago	ago
LIBOR - USD - 6 months	2.62%	2.66%	2.80%	2.51%
U.S. Treasury - 2 years	2.27%	2.27%	2.45%	2.49%
U.S. Treasury - 5 years	2.28%	2.23%	2.44%	2.79%
U.S. Treasury - 10 years	2.51%	2.41%	2.64%	2.93%
U.S. Treasury - 30 years	2.94%	2.82%	3.01%	3.10%
U.S. Prime Rate	5.50%	5.50%	5.50%	4.75%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	34	\$800,933	30.4%	87.7%	(0.2%)	9.5%	10.0%	39.8%
\$1 billion - \$5 billion	43	99,244	38.4%	10.9%	0.9%	12.1%	28.7%	54.0%
\$250 million - \$1 billion	18	11,203	16.1%	1.2%	(0.1%)	10.4%	(3.3%)	46.0%
\$100 million - \$250 million	9	1,666	8.0%	0.2%	(0.2%)	9.5%	8.9%	52.4%
< \$100 million	8	326	7.1%	0.0%	(13.6%)	17.3%	(41.8%)	(37.6%)
Total / Average (\$MM)	112	\$913,371	100.0%	100.0%	(2.6%)	11.8%	0.5%	30.9%

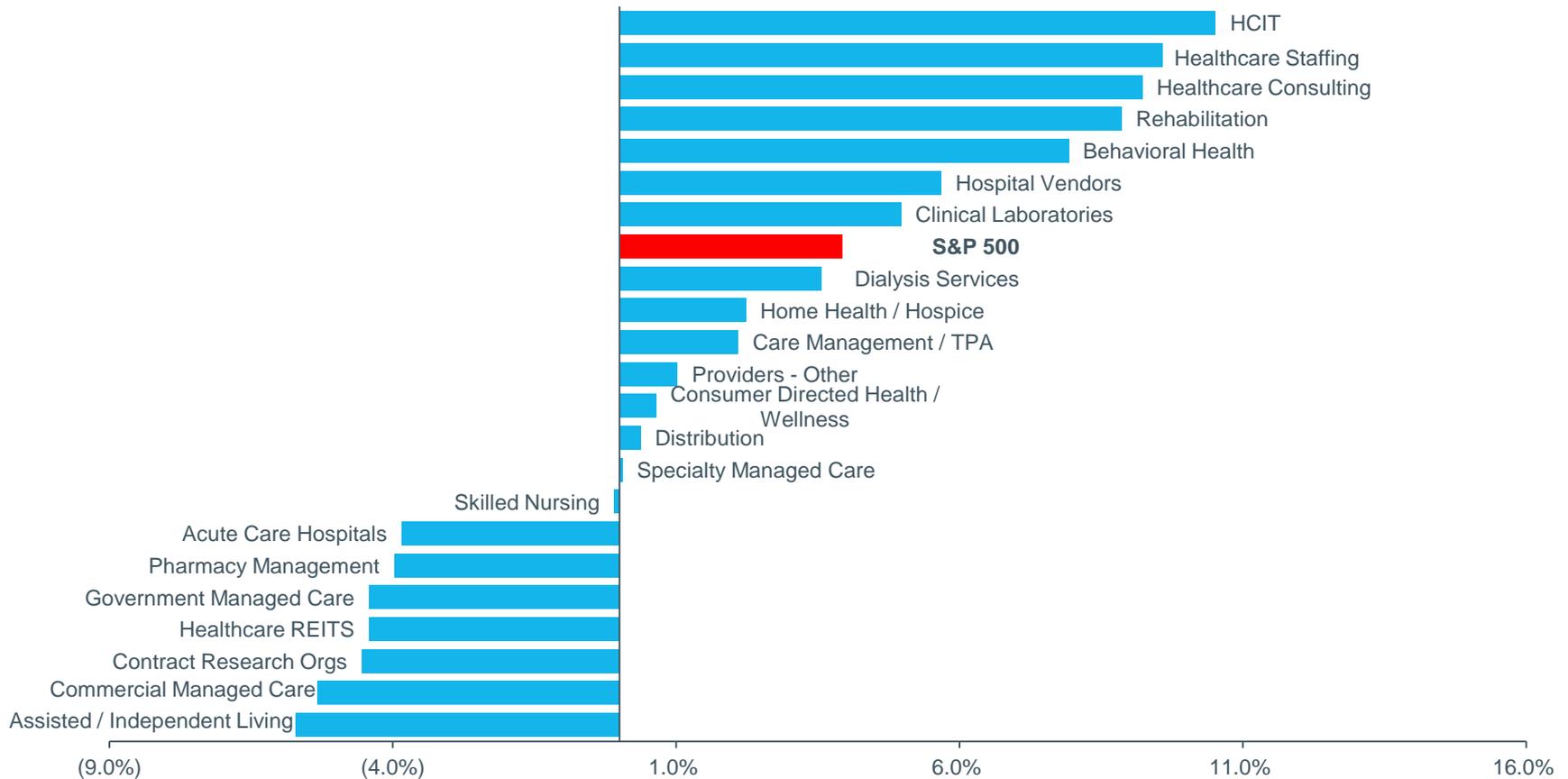
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



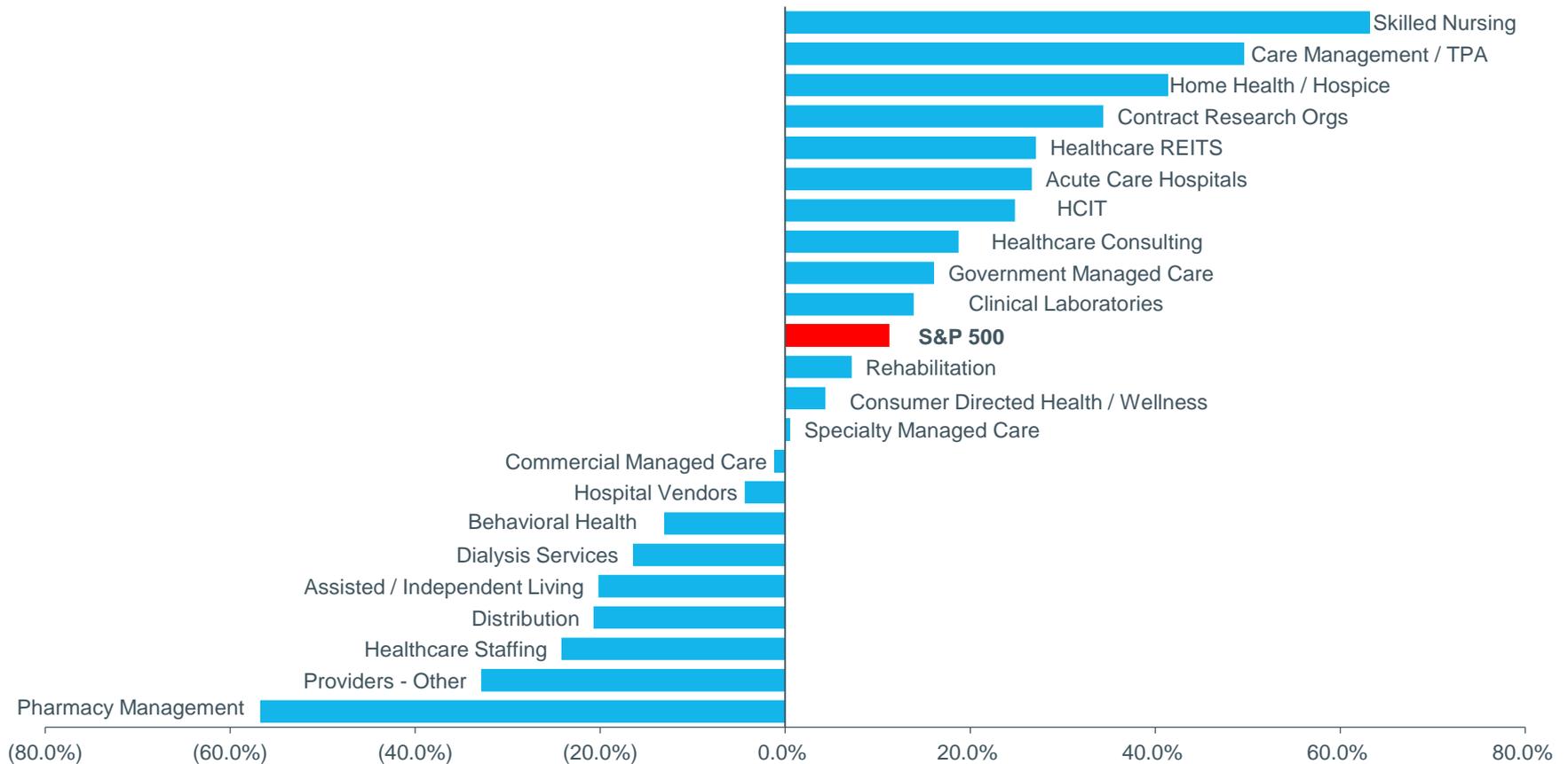
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

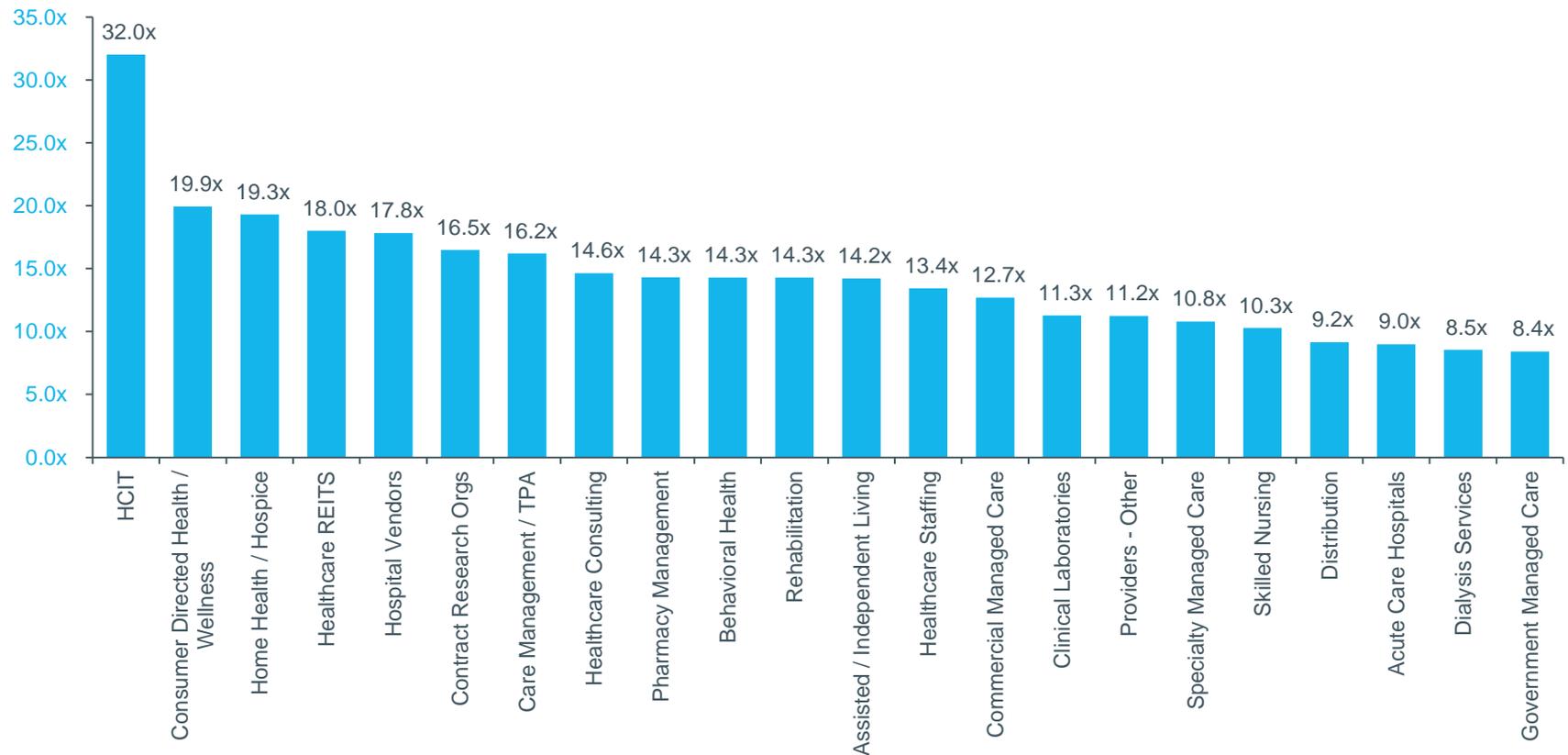
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of April 30 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



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

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